

UNITED STATES
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, 2000
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 39-0394230
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

P. O. BOX 619100, DALLAS, TEXAS 75261-9100
(Address of principal executive offices) (ZIP CODE)

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

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	New York Stock Exchange
Preferred Stock Purchase Rights	Chicago Stock Exchange Pacific 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 16, 2001, 533,036,154 shares of common stock were outstanding, and the aggregate market value of the registrant's common stock held by non-affiliates on such date (based on the closing stock price on the New York Stock Exchange) was approximately \$36 billion.

(Continued)

FACING SHEET
(CONTINUED)

DOCUMENTS INCORPORATED BY REFERENCE

Kimberly-Clark Corporation's 2000 Annual Report to Stockholders and 2001 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 table identifies the sections of this Form 10-K which incorporate by reference portions of the Corporation's 2000 Annual Report to Stockholders and 2001 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
2000 Annual Report to Stockholders (Year ended December 31, 2000)	PART I ITEM 1. Business
	PART II ITEM 5. Market for the Registrant's Common Stock and Related Stockholder Matters
	ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of

Operations

ITEM 7A. Quantitative and
Qualitative Disclosures About
Market Risk

ITEM 8. Financial Statements and
Supplementary Data

PART IV

ITEM 14. Exhibits, Financial
Statement Schedules and Reports
on Form 8-K

2001 Proxy Statement

PART III

ITEM 10. Directors and Executive
Officers of the Registrant

ITEM 11. Executive Compensation

ITEM 12. Security Ownership of
Certain Beneficial Owners and
Management

ITEM 13. Certain Relationships
and Related Transactions

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 only to Kimberly-Clark Corporation. Financial information by business segment and geographic area, and information about principal products and markets of the Corporation, contained under the caption "Management's Discussion and Analysis" and in Note 15 to the Consolidated Financial Statements contained in the 2000 Annual Report to Stockholders, are incorporated in this Item 1 by reference.

RECENT DEVELOPMENTS. Historically, the Corporation has been engaged in a wide variety of diversified businesses, including the manufacture and sale of consumer products, paper and forest products, airline services and various other businesses. In recent years, the Corporation has made the transition to a global consumer products company based on the strategy of building its tissue, personal care and health care businesses. Since 1992, the Corporation has completed about 35 acquisitions in its core businesses and approximately 20 strategic divestitures, including the following transactions:

- On December 12, 1995, Scott Paper Company ("Scott") became a wholly-owned subsidiary of Kimberly-Clark upon completion of a merger transaction in which the outstanding Scott common shares were converted into shares of Kimberly-Clark common stock. The transaction was valued at approximately \$9.4 billion and accounted for as a pooling of interests. On February 14, 1996, Scott changed its name to Kimberly-Clark Tissue Company ("KCTC").
- On June 28, 1996, the Corporation sold the baby and child wipe businesses previously conducted by Scott, consisting of the Baby Fresh, Wash a-Bye Baby and Kid Fresh brands and the Dover, Delaware production facility, to The Procter & Gamble Company. This divestiture was required by the U.S. Department of Justice as part of the Scott merger.
- On July 1, 1996, the Corporation purchased a 51 percent ownership interest in a personal care products joint venture, Kenko de Brasil.
- On September 16, 1996, the Corporation sold its tissue mill in Prudhoe, England and certain consumer tissue businesses in the United Kingdom and Ireland to Svenska Cellulosa Aktiebolaget (SCA) of Sweden. This divestiture was required by the European Commission as part of the Scott merger.
- On March 27, 1997, the Corporation sold its Coosa Pines, Alabama pulp and newsprint operations, and related woodlands ("Coosa"), to Alliance Forest Products Inc., a publicly-held Canadian corporation, for approximately \$600 million in cash.
- On June 6, 1997, the Corporation sold its 50.1 percent interest in Scott Paper Limited, a publicly-traded Canadian company to Kruger, Inc., a Canadian paper and forest products company, for approximately \$127 million.
- On December 18, 1997, the Corporation acquired Tecno! Medical Products, Inc. ("Tecno!"), a leading maker of disposable face masks and patient care products, in a merger transaction which involved the conversion of all outstanding shares of Tecno! common stock into shares of Kimberly-Clark common stock. The transaction was valued at approximately \$428 million and was accounted for as a purchase.

ITEM 1. BUSINESS (Continued)

- - On May 28, 1998, the Corporation purchased a 50 percent equity interest in Klabin Tissue S.A. (now known as Klabin Kimberly S.A.), the leading tissue manufacturer in Brazil.
- - On July 21, 1998, the Corporation purchased an additional 10 percent ownership interest in its Korean affiliate, YuHan-Kimberly, Limited, increasing its ownership interest to 70 percent.
- - On August 19, 1998, the Corporation sold the outstanding shares of K-C Aviation Inc., a leading provider of business aviation services, to Gulfstream Aerospace Corporation for \$250 million in cash.
- - On June 10, 1999, the Corporation purchased the European consumer and away-from-home tissue businesses of Attisholz Holding AG for approximately \$365 million. The acquired businesses are located in Germany, Switzerland and Austria.
- - On September 23, 1999, the Corporation acquired Ballard Medical Products, a leading maker of disposable medical devices for respiratory care, gastroenterology and cardiology, at a cost of approximately \$788 million, including the value of common stock exchanged and other costs of the transaction. This acquisition was accounted for as a purchase.
- - On September 30, 1999, the Corporation completed the sale of approximately 460,000 acres of timberland in Alabama, Mississippi and Tennessee.
- - On February 8, 2000, the Corporation acquired Safeskin Corporation ("Safeskin"), a leading maker of disposable gloves for health care, high-technology and scientific industries, in a merger transaction pursuant to which Safeskin shareholders received .1956 of a share of the Corporation's common stock for each share of Safeskin common stock. The transaction was valued at approximately \$750 million and was accounted for as a purchase.
- - On July 5, 2000, the Corporation acquired majority shares of privately held S-K Corporation of Taiwan, which holds trademark and distribution rights in Taiwan for the Corporation's global brands including Kleenex, Huggies and Kotex. Prior to the acquisition, the Corporation owned approximately 3 percent of S-K Corporation.
- - On December 20, 2000, the Corporation purchased an additional 33.3 percent ownership interest in its Taiwanese affiliate, Taiwan Scott Paper Corporation, increasing its ownership interest to 100 percent.
- - On January 31, 2001, the Corporation acquired Linostar S.p.A., a leading Italian-based diaper manufacturer that produces and markets Lines, Italy's second largest diaper brand.

In the fourth quarter of 1995, in connection with the Scott merger, the Corporation announced a plan to restructure the combined operations and to accomplish other business improvement objectives (the "1995 Plan"). The original estimated pretax cost of the 1995 Plan was \$1,440 million and it was completed in 1998 at a pretax cost of \$1,305 million.

On November 21, 1997, the Corporation announced a restructuring plan (the "1997 Plan"). The plan, among other things, resulted in the sale, closure or downsizing of 16 manufacturing facilities worldwide and a workforce reduction of approximately 3,740 employees. Costs for the 1997 Plan of \$250.8 million and \$414.2 million were recorded in 1998 and 1997, respectively, at the time costs became accruable

ITEM 1. BUSINESS (Continued)

under appropriate accounting principles. Included in such costs was accelerated depreciation charged to cost of products sold related to assets that were to be disposed of but which continued to be operated during 1997 and 1998. In 1999, the Corporation recorded a net credit of \$16.7 million, which was composed of accelerated depreciation expense of \$23.7 million, reductions in accrued costs of \$31.9 million and lower asset write-offs and higher sales proceeds totaling \$8.5 million, due to changes in estimates.

In the fourth quarter of 1998, the Corporation announced a facilities consolidation plan (the "1998 Plan") to, among other things, further align tissue manufacturing capacity with demand in Europe, close a diaper manufacturing facility in Canada, shut down and dispose of a tissue machine in Thailand, write down certain excess feminine care production equipment in North America and reduce the Corporation's workforce by approximately 830 employees. Costs for the 1998 Plan of \$18.2 million, \$42.6 million and \$49.1 million were recorded in 2000, 1999 and 1998, respectively, and charged to cost of products sold. The year 2000 costs are composed primarily of certain severance costs and charges for accelerated depreciation for the Corporation's Larkfield, U.K. tissue manufacturing facility that remained in use until it was shutdown in October 2000.

Pursuant to the 1998 Plan, through December 31, 2000, 814 employees were notified of the Corporation's plans to terminate their employment, and the costs of this workforce reduction were charged to earnings in the period in which such employee severance benefits were appropriately communicated.

The 1997 Plan and the 1998 Plan were completed as of December 31, 2000.

DESCRIPTION OF THE CORPORATION. The Corporation is principally engaged in the manufacturing and marketing throughout the world of a wide range of consumer products. The Corporation also produces premium business correspondence and technical papers. Most of these products are made from natural and synthetic fibers using advanced technologies in fibers, nonwovens and absorbency.

The Corporation is organized into three global business segments: Tissue; Personal Care; and Health Care and Other.

The Tissue segment includes facial and bathroom tissue, paper towels, wipers and napkins for household and away-from-home use; wet wipes; printing, premium business and correspondence papers; and related products. Products in this business segment are sold under the Kleenex, Scott, Kimberly-Clark, Kleenex Cottonelle, Kleenex Viva, Huggies, Kimwipes, WypAll, Surpass and other brand names. In January 2001, the Corporation announced the launch of Cottonelle Fresh rollwipes, a dispersible pre-moistened wipe on a roll, which will be available Summer 2001.

The Personal Care segment includes disposable diapers, training and youth pants and swimpants; feminine and incontinence care products; and related products. Products in this business segment are primarily for household use and are sold under a variety of well-known brand names, including Huggies, Pull-Ups, Little Swimmers, GoodNites, Kotex, Lightdays, Depend, Poise and other brand names.

The Health Care and Other segment includes health care products, consisting of surgical gowns, drapes, exam gloves, infection control products, sterilization wraps, disposable face masks, respiratory products and other disposable medical products; specialty and technical papers; and other products. Products in this segment are sold under the Kimberly-Clark, Safeskin, Tecnol, Ballard, and other brand names.

ITEM 1. BUSINESS (Continued)

Products for household use are sold directly, and through wholesalers, to supermarkets, mass merchandisers, drugstores, warehouse clubs, home health care, variety and department stores and other retail outlets. Products for away-from-home use are sold through distributors and directly to manufacturing, lodging, office building, food service and health care establishments and other high volume public facilities. Paper products are sold directly to users, converters, manufacturers, publishers and printers, and through paper merchants, brokers, sales agents and other resale agencies. Health care products are sold to distributors, converters and end-users.

PATENTS AND TRADEMARKS. The Corporation owns various patents and trademarks registered domestically and in many foreign countries. The Corporation considers the patents and trademarks which it owns and the trademarks under which it sells certain of its products 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 2000 Annual Report to Stockholders and is incorporated herein by reference.

RAW MATERIALS. Superabsorbent materials are important components in disposable diapers, training and youth pants and incontinence care products. Polypropylene and other synthetics and chemicals are the primary raw materials for manufacturing nonwoven fabrics, which are used in disposable diapers, training and youth pants, wet wipes, feminine pads, incontinence and health care products, and away-from-home wipers.

Cellulose fiber, in the form of kraft pulp or recycled fiber, is the primary raw material for the Corporation's tissue and paper products and is an important component in disposable diapers, training pants, feminine pads and incontinence care products.

Most recovered paper and all synthetics are purchased from third parties. Pulp and recycled fiber 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. See "Factors That May Affect Future Results - Raw Materials."

The Corporation owns or controls approximately 5.7 million acres of forestland in Canada, principally as a fiber source for pulp production, which is consumed internally within the tissue business. Approximately 1.0 million acres in the province of Nova Scotia are owned by the Corporation, and approximately 4.7 million acres, principally in the province of Ontario, are held under long-term Crown rights or leases.

COMPETITION. For a discussion of the competitive environment in which the Corporation conducts its business, see "Factors That May Affect Future Results - - Competitive Environment."

RESEARCH AND DEVELOPMENT. A major portion of total research and development expenditures is directed toward new or improved personal care, health care and tissue products, and nonwoven materials. Consolidated research and development expense was \$277.4 million in 2000, \$249.8 million in 1999, and \$224.8 million in 1998.

ENVIRONMENTAL MATTERS. Total worldwide capital expenditures for voluntary environmental controls or controls necessary to comply with legal requirements relating to the protection of the environment at the Corporation's facilities are expected to be approximately \$78 million in 2001 and \$35 million in 2002. Of

ITEM 1. BUSINESS (Continued)

these amounts, approximately \$18 million in 2001, and \$9 million in 2002 are expected to be spent at facilities in the U.S. Approximately \$4 million of such expenditures in 2001 relate to compliance with the U.S. Environmental Protection Agency's ("EPA") Cluster Rule for sulfite pulping operations at the Corporation's Everett, Washington pulp mill. The remainder of the expected expenditures in the U.S. will be applied at various other production facilities of the Corporation for other environmental control system improvements. For facilities outside of the U.S., capital expenditures for environmental controls are expected to be \$60 million in 2001 and \$26 million in 2002.

Total worldwide operating expenses for environmental compliance are expected to be approximately \$184 million in 2001 and \$189 million in 2002. U.S. operating expenses are expected to be approximately \$98 million in 2001 and \$100 million in 2002. Operating expenses for facilities outside the U.S. are expected to be approximately \$86 million in 2001 and \$89 million in 2002. Operating expenses include pollution control equipment operation and maintenance costs, governmental payments, and research and engineering costs.

Total environmental capital expenditures and operating expenses are not expected to have a material effect on the Corporation's total capital and operating expenditures, consolidated earnings or competitive position. However, current environmental spending estimates could be modified as a result of changes in the Corporation's plans, changes in legal requirements or other factors.

In connection with certain divestitures, including those described in "Recent Developments," the Corporation has agreed to indemnify the purchasers of certain divested businesses against certain environmental liabilities. Generally, these indemnification obligations apply only to environmental liabilities which are actually incurred by the purchaser within a specified time period after closing and are limited to a specified dollar amount of coverage. The Corporation has established appropriate accrued liabilities with respect thereto, and does not otherwise consider these obligations to be material.

EMPLOYEES. In its worldwide consolidated operations, the Corporation had 66,300 employees as of December 31, 2000.

Approximately 22 percent of the Corporation's United States workforce and approximately 25 percent of the Corporation's non-United States workforce are represented by unions. In the U.S., the largest concentration of union membership is with the Paper, Allied-Industrial, Chemical & Energy Workers International Union (PACE). Other employees are represented by the International Brotherhood of Electrical Workers (IBEW), the International Association of Machinists and Aerospace Workers (IAM), the Association of Western Pulp and Paper Workers (AWPPW), and various independent unions. The Corporation's collective bargaining agreements typically have a term of 5 to 6 years and provide for wage and fringe benefit increases during the term. The agreements have staggered termination dates.

Throughout the Corporation, management seeks to establish and maintain an open and respectful relationship with its employees. Management believes that communications should flow freely in the organization to provide all employees the opportunity to maximize the use of their talents in the attainment of the Corporation's business objectives.

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

ITEM 1. BUSINESS (Continued)

FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain matters discussed in this Form 10-K, or documents a portion of which are incorporated herein by reference, concerning, among other things, the business outlook, anticipated financial and operating results, strategies, contingencies and contemplated transactions of the Corporation constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the Corporation. There can be no assurance that these events will occur or that the Corporation's results will be as estimated.

The following factors, as well as factors described elsewhere in this Form 10-K, or in other SEC filings, among others, could cause the Corporation's future results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Corporation.

Such factors are described in accordance with the provisions of the Private Securities Litigation Reform Act of 1995, which encourages companies to disclose such factors.

COMPETITIVE ENVIRONMENT. The Corporation experiences intense competition for sales of its principal products in its major markets, both domestically and internationally. The Corporation's products compete with widely advertised, well-known, branded products, as well as private label products, which are typically sold at lower prices. The Corporation has several major competitors in most of its markets, some of which are larger and more diversified than the Corporation. The principal methods and elements of competition include brand recognition and loyalty, product quality and performance, price, marketing and distribution capabilities. Inherent risks in the Corporation's competitive strategy include uncertainties concerning trade and consumer acceptance, the effects of recent consolidations of retailers and distribution channels, and competitive reaction. Aggressive competitive reaction may lead to increased advertising and promotional spending by the Corporation in order to maintain market share. Increased competition with respect to pricing would reduce revenue and could have an adverse impact on the Corporation's financial results. In addition, the Corporation relies on the development and introduction of new or improved products as a means of achieving and/or maintaining category leadership. In order to maintain its competitive position, the Corporation must develop technology to support its products.

COST SAVING STRATEGY. A significant portion of the Corporation's anticipated cost savings are expected to result from operating efficiencies. There can be no assurance that such cost savings and efficiencies will be achieved.

RAW MATERIALS. Cellulose fiber, in the form of kraft pulp or recycled fiber, is used extensively in the Corporation's tissue and paper products and is subject to significant price fluctuations due to the cyclical nature of the pulp markets. Recycled fiber accounts for approximately 25 percent of the Corporation's overall fiber requirements. On a worldwide basis, the Corporation has reduced its internal supply of pulp to approximately 40 percent of its virgin fiber requirements.

The Corporation still intends to reduce its level of pulp integration, when market conditions permit, to approximately 25 percent, and such a reduction in pulp integration, if accomplished, could increase the Corporation's commodity price risk. Specifically, increases in pulp prices could adversely affect the Corporation's earnings if selling prices for its finished products are not adjusted or if such adjustments significantly trail the increases in pulp prices. Derivative instruments have not been used to manage these risks.

ITEM 1. BUSINESS (Continued)

ENERGY COSTS. The Corporation's manufacturing operations utilize electricity, natural gas and petroleum-based fuels. To insure that it uses all forms of energy cost-effectively, the Corporation maintains ongoing energy efficiency improvement programs at all of its manufacturing sites and also provides expert staff assistance to operating units in negotiating favorable utility and other energy supply agreements. The Corporation's contracts with energy suppliers vary as to price, payment terms, quantities and duration. Kimberly-Clark's energy costs are also affected by various market factors including the availability of supplies of particular forms of energy, energy prices and local and national regulatory decisions. There can be no assurance that the Corporation will be fully protected against substantial changes in the price or availability of energy sources, especially in light of recent instability in energy markets. See also Item 3. Legal Proceedings for discussion of Mobile Energy Services Company, LLC.

ACQUISITION STRATEGY. The Corporation's anticipated financial results and business outlook are dependent in part upon the availability of suitable acquisition candidates. The Corporation could encounter significant challenges in locating suitable acquisition candidates that are consistent with its strategic objectives and will contribute to its long-term success. Furthermore, there can be no assurance that any such acquired business can or will be successfully integrated with the Corporation's businesses in order to provide anticipated synergies and earnings growth.

VOLUME FORECASTING. The Corporation's anticipated financial results reflect forecasts of future volume increases in the sales of its products. Challenges in such forecasting include anticipating consumer preferences, estimating sales of new products, estimating changes in population characteristics (such as birth rates and changes in per capita income), anticipating changes in technology and estimating the acceptance of the Corporation's products in new markets. As a result, there can be no assurance that the Corporation's volume increases will occur as estimated.

FOREIGN MARKET RISKS. Because the Corporation and its equity companies have manufacturing facilities in 41 countries and their products are sold in more than 150 countries, the Corporation's results may be substantially affected by foreign market risks. The Corporation is subject to the impact of economic and political instability in developing countries. The extremely competitive situation in European personal care and tissue markets, and the challenging economic environments in Mexico and developing countries in eastern Europe, Asia and Latin America, may slow the Corporation's sales growth and earnings potential. In addition, the Corporation is subject to the strengthening and weakening of various currencies against each other and local currencies versus the U.S. dollar. Transaction exposure, arising from transactions and commitments denominated in non-local currency, is selectively hedged (through foreign currency forward, swap and option contracts). See "Management's Discussion and Analysis - Market Risk Sensitivity and Inflation Risks", contained in the 2000 Annual Report to Stockholders, which is incorporated herein by reference. Translation exposure for the Corporation with respect to foreign operations is generally not hedged. There can be no assurance that the Corporation will be fully protected against substantial foreign currency fluctuations.

CONTINGENCIES. The costs and other effects of pending litigation and administrative actions against the Corporation cannot be determined with certainty. Although management believes that no such proceedings will have a material adverse effect on the Corporation, there can be no assurance that the outcome of such proceedings will be as expected. See "Item 3. Legal Proceedings."

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 generally operate at or near capacity, except in certain instances such as when new products or technology are being introduced or when mills are being shut down. Certain facilities of the Corporation are being expanded. Various facilities contain pollution control, solid waste disposal and other equipment which have been financed through the issuance of industrial revenue or similar bonds and are held by the Corporation under lease or installment purchase agreements.

The principal facilities of the Corporation (including the Corporation's equity companies) and the products or groups of products made at such facilities are as follows:

HEADQUARTERS LOCATIONS

Dallas, Texas
Roswell, Georgia
Neenah, Wisconsin
Reigate, United Kingdom
Bangkok, Thailand

ADMINISTRATIVE CENTER

Knoxville, Tennessee

WORLDWIDE PRODUCTION AND SERVICE FACILITIES

UNITED STATES

ALABAMA

Mobile - tissue products

ARIZONA

Tucson - health care products

ARKANSAS

Conway - feminine care, incontinence care and nonwovens

Maumelle - wet wipes and nonwovens

CALIFORNIA

Escondido - printing inks

Fullerton - tissue products

San Diego - health care products

CONNECTICUT

New Milford - diapers and tissue products

GEORGIA

LaGrange - nonwovens

IDAHO

Pocatello - respiratory care and gastroenterology products

KENTUCKY

Owensboro - tissue products

MICHIGAN

Munising - technical papers

MISSISSIPPI

Corinth - nonwovens, wipers and towels

Hattiesburg - tissue products

PART I
(Continued)

ITEM 2. PROPERTIES (Continued)

NORTH CAROLINA

Hendersonville - nonwovens
Lexington - nonwovens

OHIO

Piqua - printing inks

OKLAHOMA

Jenks - tissue products

PENNSYLVANIA

Chester - tissue products

SOUTH CAROLINA

Beech Island - diapers and tissue products

TENNESSEE

Loudon - tissue products

TEXAS

Del Rio - health care products
Fort Worth - health care products
Paris - diapers, training and youth pants
San Antonio - personal cleansing products and systems

UTAH

Draper - respiratory care and gastroenterology products
Ogden - diapers

VERMONT

East Ryegate - technical papers

WASHINGTON

Everett - tissue products and pulp

WISCONSIN

Marinette - tissue products
Neenah - diapers, training and youth pants, feminine care, incontinence
care, business and correspondence papers and nonwovens
Whiting - business and correspondence papers

OUTSIDE THE UNITED STATES

ARGENTINA

*Bernal - tissue products
Pilar - feminine care and incontinence care
San Luis - diapers

AUSTRALIA

*Albury - nonwovens
*Ingleburn - diapers
*Lonsdale - diapers, incontinence care and feminine care
*Millicent - pulp and tissue products
*Tantanoola - pulp
*Warwick Farm - tissue products

BAHRAIN

*East Riffa - tissue products

* Equity company production facility

ITEM 2. PROPERTIES (Continued)

BELGIUM

Duffel - tissue products

BOLIVIA

La Paz - tissue products

Santa Cruz - diapers, feminine care and tissue products

BRAZIL

*Bahia - tissue products

Barueri - wet wipes

*Correia Pinto - tissue products

*Cruzeiro - tissue products

*Mogi das Cruzes - tissue products

Porto Alegre - feminine care

*Sao Paulo - tissue products

Suzano - diapers, incontinence care

CANADA

Huntsville, Ontario - tissue products and wipers

New Glasgow, Nova Scotia - pulp

St. Hyacinthe, Quebec - feminine care

Terrace Bay, Ontario - pulp

CHILE

Colina - tissue products

Santiago - diapers, feminine care

CHINA

Beijing - feminine care and diapers

Chengdu - feminine care

Guangzhou - tissue products

Handan - feminine care

Nanjing - feminine care

Shanghai - tissue products

Shenyang - feminine care

Wuhan - feminine care

COLOMBIA

Barbosa - tissue products, business, notebooks and correspondence papers

Guarne - tissue products

Pereira - tissue products, feminine care, incontinence care and diapers

Tocancipa - diapers

*Villa Rica - diapers and incontinence care

COSTA RICA

Belen - tissue products

Cartago - diapers and feminine care

CZECH REPUBLIC

Jaromer - diapers and incontinence care

Litovel - feminine care

DOMINICAN REPUBLIC

Santo Domingo - tissue products

* Equity company production facility

ITEM 2. PROPERTIES (Continued)

ECUADOR

Babahoyo - tissue products
Mapasingue - tissue products, diapers and feminine care

EL SALVADOR

Sitio del Nino - tissue products

FRANCE

Rouen - tissue products
Villey-Saint-Etienne - tissue products

GERMANY

Forchheim - feminine care and incontinence care
Koblenz - tissue products
Mainz - tissue products
Reisholz - tissue products

GUATEMALA

Poza Verde - tissue products

HONDURAS

Villanueva - health care products

INDIA

*Pune - feminine care and diapers

INDONESIA

Jakarta - tissue products
*Medan - specialty papers

ISRAEL

Afula - diapers, feminine care and incontinence care
Hadera - tissue products

ITALY

Alanno - tissue products
Romagnano - tissue products
Villanovetta - tissue products

JAPAN

Shinga - soap

KOREA

Anyang - feminine care, diapers and tissue products
Kimcheon - tissue products and nonwovens
Taejon - feminine care and diapers

MALAYSIA

Kluang - tissue products, feminine care and diapers

* Equity company production facility

ITEM 2. PROPERTIES (Continued)

MEXICO

Acuna - health care products
*Bajio - tissue products, fine papers and notebooks
*Cuautitlan - feminine care, diapers and nonwovens
*Ecatepec - tissue products
Empalme - health care products
Magdalena - health care products
*Morelia - tissue products, pulp and fine papers
*Naucalpan - tissue products, diapers and feminine care
Nogales - health care products
*Orizaba - tissue products, fine papers and pulp
*Ramos Arizpe - tissue products and diapers
*San Rafael - tissue products and fine papers
*Texmelucan - tissue products
Tijuana - printing inks
*Tlaxcala - diapers

PERU

Puente Piedra - tissue products
Santa Clara - tissue products
Villa Chorrillos - diapers, feminine care and incontinence care

PHILIPPINES

San Pedro, Laguna - feminine care, diapers, tissue products and specialty papers

SAUDI ARABIA

*Al-Khobar - diapers, feminine care and tissue products

SLOVAK REPUBLIC

Piestany - health care products

SOUTH AFRICA

Cape Town - tissue products, feminine care and incontinence care
Springs - tissue products and diapers

SPAIN

Aranguren - tissue products
Arceniega - tissue products, personal cleansing products and systems
Calatayud - diapers
Telde, Canary Islands - tissue products
Salamanca - tissue products

SWITZERLAND

Balsthal - tissue products and specialty papers
Niederbipp - tissue products
Reichenburg - tissue products

TAIWAN

Chung Li - tissue products, feminine care and diapers
Hsin-Ying - tissue products
Neihu - feminine care, diapers
Ta-Yuan - tissue products

* Equity company production facility

PART I
(Continued)

ITEM 2. PROPERTIES (Continued)

THAILAND

Hat Yai - disposable gloves
Pathumthani - feminine care, diapers and tissue products
Samut Prakarn - tissue products

TURKEY

Istanbul - diapers

UNITED KINGDOM

Barrow - tissue products
Barton-upon-Humber - diapers
Flint - tissue products and nonwovens
Northfleet - tissue products

VENEZUELA

Maracay - tissue products and diapers

VIETNAM

Binh Duong - feminine care
Hanoi - feminine care

ITEM 3. LEGAL PROCEEDINGS

The following is a brief description of certain legal and administrative proceedings to which the Corporation or its subsidiaries is a party or to which the Corporation's or its subsidiaries' properties are subject:

On May 13, 1997, the State of Florida, acting through its attorney general, filed a complaint in the Gainesville Division of the United States District Court for the Northern District of Florida alleging that manufacturers of tissue products for away-from-home use, including the Corporation and Scott, agreed to fix prices by coordinating price increases for such products. Following Florida's complaint, similar actions by the States of Maryland, New York and West Virginia, as well as approximately 45 class action complaints, were filed in various federal and state courts around the United States.

The actions by the States of Florida, Maryland, New York and West Virginia, the private plaintiffs in Minnesota and the federal private class action plaintiffs were dismissed with prejudice pursuant to settlements with defendants. A settlement was reached in the California class action litigation and was preliminarily approved by the judge in December 2000. With respect to the only remaining litigation, filed in Tennessee on behalf of a purported class of indirect purchasers of commercial products, the Corporation has answered the complaint and has denied the allegations contained therein as well as any liability.

On February 8, 2000, the Corporation completed the acquisition of Safeskin. Approximately 300 product liability lawsuits seeking monetary damages, in most cases of an unspecified amount, were pending in federal and state courts against Safeskin. Safeskin is typically one of several defendants who manufacture or sell natural rubber latex gloves. These lawsuits allege injuries ranging from dermatitis to severe allergic reactions caused by the residual chemicals or latex proteins in gloves worn by health care workers and other individuals while performing their duties. Safeskin has referred the defense of these lawsuits to its insurance carriers.

Since March 11, 1999, numerous lawsuits (collectively the "Securities Actions") have been filed in the U.S. District Court for the Southern District of California against Safeskin and certain of its officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Securities Actions were brought by plaintiffs in their individual capacities and on behalf of a purported class of persons who purchased or otherwise acquired Safeskin publicly traded securities during various periods occurring prior to the Corporation's acquisition of Safeskin. The suits allege that plaintiffs purchased Safeskin securities at prices artificially inflated by defendants' misrepresentations and omissions concerning Safeskin's financial condition and prospects and seek an unspecified amount of damages. Defendants' motion to dismiss was denied and discovery is proceeding.

In addition, a shareholder derivative action has been filed against certain of Safeskin's directors, and Safeskin as a nominal defendant, in the Supreme Court of the State of California, San Diego County (the "Derivative Action"). The Derivative Action alleges breach of fiduciary duty, waste of corporate assets and gross negligence in connection with Safeskin's stock repurchase program and seeks an unspecified amount of damages. The court has stayed discovery in the Derivative Action so that it can be coordinated with discovery in the Securities Actions. Safeskin has referred the defense of the Derivative Action and the Securities Actions to its insurance carriers.

ITEM 3. LEGAL PROCEEDINGS (Continued)

On April 14, 2000, a complaint was filed by Anne Meader and others against KCTC and others in the State of Maine Superior Court. Nineteen plaintiffs seek compensation for injuries allegedly caused by exposure to substances emitted by the defendants' mills, including two former KCTC mills, and from the Central Maine Disposal Landfill in Fairfield, Maine.

The Corporation intends to contest the foregoing claims vigorously and, in management's opinion, they are not, individually or in the aggregate, expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

In connection with the Mobile pulp mill closure, on May 5, 1998, the Corporation gave notice to Mobile Energy Services Company, L.L.C. ("MESC") of its intent to terminate a long-term energy services contract. On January 14, 1999, MESC and related parties (the "Debtors") filed for Chapter 11 bankruptcy protection and instituted an action in the United States Bankruptcy Court in Mobile, Alabama against KCTC claiming unspecified damages in connection with the pulp mill closure. The Debtors, as debtors-in-possession, own a cogeneration complex that provides energy services to KCTC's Mobile facility. The complaint alleges that: (i) the sale of the cogeneration complex by KCTC to MESC in December 1994 was a fraudulent transfer; (ii) KCTC cannot effect a pulp mill closure while it continues to operate the wastewater treatment facility and "produce pulp" at the Mobile facility; (iii) Kimberly-Clark's announced pulp mill closure was a repudiation of the site operating agreements; (iv) KCTC breached the master operating agreement by failing to give MESC reasonable assistance in developing new business opportunities for the energy complex after Kimberly-Clark announced the pulp mill closure; (v) KCTC failed to allow the sale of the Mobile pulp mill; and (vii) K-C's announcement of the pulp mill closure in May 1998 was a fraudulent transfer. The complaint does not specify the amount of damages demanded.

On December 31, 1999, a joint motion ("the Motion") was filed with the U.S. Bankruptcy Court ("the Court") seeking approval of a settlement agreement and compromise of claims and pending litigation against KCTC arising from the closure of the pulp mill and termination of the energy services contract. Under the proposed settlement agreement, KCTC agreed to pay MESC at closing approximately \$30 million, subject to certain adjustments. The Court granted the Motion on January 24, 2000. Closing of the settlement would be subject to, among other conditions, the Debtors filing a plan of reorganization from bankruptcy and the ultimate approval of that plan by the Court. The approximate \$30 million payment, which will be accrued when the conditions for settlement are met, is in addition to \$24.3 million previously accrued by the Corporation. In addition, the proposed settlement provides, among other things, an agreement by MESC to provide energy to the Corporation's Mobile tissue mill at market rates.

In August 2000, the Debtors filed a plan of reorganization with the Court that would implement the settlement agreement. During the fourth quarter of 2000, several crucial elements of the Debtors' plan became no longer viable. As a result, the Debtors have sought and received from the Court and the Corporation several extensions of deadlines contained in the settlement agreement.

Because of uncertainty involving the Debtors' business prospects, the Corporation has developed contingency plans seeking to minimize disruption to its Mobile operations in the event that MESC is unable or unwilling to supply energy to the Mobile tissue mill. In the absence of the settlement agreement, the litigation and arbitration proceedings between the Corporation and Debtors could resume. The outcome of the MESC litigation, arbitration and settlement is not expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

ITEM 3. LEGAL PROCEEDINGS (Continued)

The Corporation 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, financial condition or results of operations.

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 have a material adverse effect on the Corporation's business, financial condition or results of operations.

The Corporation has been named a potentially responsible party under the provisions of the federal Comprehensive Environmental Response, Compensation and Liability Act, or analogous state statute, at a number of waste disposal sites, none of which, individually or in the aggregate, in management's opinion, is likely to have a material adverse effect on the Corporation's business, financial condition or results of operations.

Notwithstanding its opinion, management believes it appropriate to discuss the following matters concerning two of these sites where the Corporation's estimated share of total site remediation costs, if any, cannot be established on the basis of currently available information:

- A. In 1994, Scott received a notice of responsibility from the Massachusetts Department of Environmental Protection regarding the South Hadley Site in South Hadley, Massachusetts. The notice implicated Scott Graphics, Inc., a former Scott subsidiary, as having disposed of hazardous waste at the site. There have been no significant developments since the date the Corporation received the notice.
- B. In January 1998, the Corporation was notified by the Tennessee Department of Environment and Conservation of its status as a potentially liable party at the Bellevue Avenue Landfill in Shelby County, Tennessee.

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

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names and ages of the executive officers of the Corporation as of March 1, 2001, together with certain biographical information, are as follows:

ROBERT E. ABERNATHY, 46, was elected Group President effective January 1, 1997. He is responsible for the global health care business, nonwovens manufacturing and research, the technical paper business and corporate research and development. Mr. Abernathy joined the Corporation in 1982. His past responsibilities in the Corporation have included operations and major project management in North America. He was appointed Vice President-North American Diaper Operations in 1992 and Managing Director of Kimberly-Clark Australia Pty. Limited in 1994.

JOHN W. DONEHOWER, 54, was elected Senior Vice President and Chief Financial Officer in 1993. Mr. Donehower joined the Corporation 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. Mr. Donehower is a director of Eastman Chemical Co. and Factory Mutual Insurance Company.

O. GEORGE EVERBACH, 62, was elected Senior Vice President - Law and Government Affairs in 1988. Mr. Everbach joined the Corporation in 1984. His responsibilities 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, 42, has served as President and Chief Operating Officer of the Corporation since his election on November 16, 1999. He previously had been elected Group President - Global Tissue, Pulp and Paper in 1998, where he was responsible for the Corporation's global tissue businesses. He also was responsible for the Wet Wipes and Neenah Paper sectors, Pulp Operations and Consumer Business Services, Environment and Energy and Human Resources organizations. Mr. Falk joined the Corporation in 1983 and has held other senior management positions in the Corporation. Mr. Falk is a member of the University of Wisconsin - Madison School of Business Dean's Advisory Board. He has been a director of the Corporation since 1999.

WAYNE R. SANDERS, 53, has served as Chief Executive Officer of the Corporation since 1991 and Chairman of the Board of the Corporation since 1992. He previously had been elected President and Chief Operating Officer in 1990. Employed by the Corporation since 1975, Mr. Sanders also has held various other senior management positions in the Corporation. Mr. Sanders is a director of Adolph Coors Company, Coors Brewing Company and Texas Instruments Incorporated. He also is a member of the Marquette University Board of Trustees and is Chairman of the Southwest Region, and a member of the Board of Governors, of the Boys and Girls Clubs of America. He has been a director of the Corporation since 1989.

EXECUTIVE OFFICERS OF THE REGISTRANT (Continued)

KATHI P. SEIFERT, 51, was elected Executive Vice President in November 1999. She is responsible for the Infant Care, Child Care, Feminine Care, and Adult Care business sectors, the Safety and Quality Assurance team and the U.S. and Canadian Sales organizations, and leads a team responsible for the Corporation's global personal care businesses. Ms. Seifert joined Kimberly-Clark in 1978. Her responsibilities in the Corporation have included various marketing positions within the Away From Home, Consumer Tissue and Feminine Care business sectors. She was appointed President - Feminine Care Sector in 1991, was elected Group President - Feminine and Adult Care in 1994, elected Group President - North American Consumer Products in January 1995, elected Group President - North American Personal Care Products in July 1995 and elected Group President - Global Personal Care Products in April 1998. Ms. Seifert is a member of the Board of Directors of Eli Lilly and Company, Aid Association for Lutherans and Fox Cities Performing Arts Center.

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

The dividend and market price data included in Note 13 to the Consolidated Financial Statements, and the information set forth under the captions "Dividends and Dividend Reinvestment Plan" and "Stock Exchanges" contained in the 2000 Annual Report to Stockholders are incorporated in this Item 5 by reference.

As of March 16, 2001, the Corporation had 48,090 holders of record of its common stock.

ITEM 6. SELECTED FINANCIAL DATA

(Millions of dollars, except per share amounts)	Year Ended December 31				
	1996	1997	1998	1999	2000
Net Sales	\$13,149.1	\$12,546.6	\$12,297.8	\$13,006.8	\$13,982.0
Gross Profit	4,688.5	4,607.6	4,597.6	5,325.2	5,753.5
Operating Profit	1,666.0	1,486.1	1,697.7	2,435.4	2,633.8
Share of Net Income of Equity Companies	152.4	157.3	137.1	189.6	186.4
Income from Continuing Operations Before Extraordinary Items and Cumulative Effect of Accounting Change	1,035.4	985.4	1,114.3	1,668.1	1,800.6
Per Share Basis:					
Basic	1.84	1.77	2.02	3.11	3.34
Diluted	1.83	1.76	2.01	3.09	3.31
Net Income	1,035.4	1,002.9	1,103.1	1,668.1	1,800.6
Per Share Basis:					
Basic	1.84	1.80	2.00	3.11	3.34
Diluted	1.83	1.79	1.99	3.09	3.31
Cash Dividends Per Share					
Declared . . . . .	.92	.96	1.00	1.04	1.08
Paid . . . . .	.92	.95	.99	1.03	1.07
Total Assets	\$11,820.4	\$11,417.1	\$11,687.8	\$12,815.5	\$14,479.8
Long-Term Debt	1,738.6	1,803.9	2,068.2	1,926.6	2,000.6
Stockholders' Equity	4,595.0	4,340.3	4,031.5	5,093.1	5,767.3

NOTES TO SELECTED FINANCIAL DATA

(1) Included in the selected financial data for 1996 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Diluted Net Income per Share
Charges for business improvement and other programs	\$154.2	\$429.9	\$328.6	
Gains on asset disposals	-	(93.6)	(72.6)	
Change in value of Mexican peso	-	-	2.3	
Restructuring of Mexican operations	-	-	5.5	
Total	\$154.2	\$336.3	\$263.8	\$.46

NOTES TO SELECTED FINANCIAL DATA

(2) Included in the selected financial data for 1997 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Diluted Net Income per Share
Charges for business improvement and other programs	\$128.8	\$478.3	\$366.3	
Gain on asset disposal	-	(26.5)	(16.8)	
Gain on sale of K-C de Mexico's Regio business	-	-	(16.3)	
Extraordinary gains, net of income taxes	-	-	(17.5)	
Total	\$128.8	\$451.8	\$315.7	\$.57

(3) Included in the selected financial data for 1998 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Diluted Net Income per Share
Charges for business improvement and other programs	\$191.6	\$ 377.8	\$276.8	
Mobile pulp mill fees and related severance	42.3	42.3	25.9	
Gain on asset disposal	-	(140.0)	(78.3)	
Change in value of Mexican peso	-	-	9.2	
Cumulative effect of accounting change, net of income taxes	-	-	11.2	
Total	\$233.9	\$ 280.1	\$244.8	\$.45

(4) Included in the selected financial data for 1999 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Diluted Net Income per Share
Charges for business improvement and other programs	\$ 69.0	\$ 47.8	\$ 35.6	
Business integration and other costs	11.2	22.6	14.5	
Mobile pulp mill fees and related severance	9.0	9.0	5.6	
Gains on asset disposals	-	(176.7)	(112.3)	
Total	\$ 89.2	\$ (97.3)	\$ (56.6)	\$(.11)

PART II
 ITEM 6. SELECTED FINANCIAL DATA (Continued)

 NOTES TO SELECTED FINANCIAL DATA

(5) Included in the selected financial data for 2000 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Diluted Net Income per Share
Charges for business improvement and other programs	\$ 20.2	\$ 24.4	\$ 16.4	
Business integration and other costs	10.1	35.1	23.0	
Patent settlement and accrued liability reversal	-	(75.8)	(46.5)	
Litigation settlements	-	15.2	9.3	
	-----	-----	-----	
Total	\$ 30.3	\$ (1.1)	\$ 2.2	\$.01
	=====	=====	=====	=====

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 2000 Annual Report to Stockholders is incorporated in this Item 7 by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the caption "Management's Discussion and Analysis - Market Risk Sensitivity and Inflation Risks" contained in the 2000 Annual Report to Stockholders is incorporated in this Item 7A by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Corporation and its consolidated subsidiaries and the independent auditors' report thereon contained in the 2000 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.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The section of the 2001 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 2001 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 section of the 2001 Proxy Statement captioned "Security Ownership of Management" 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 section of the 2001 Proxy Statement captioned "Certain Transactions and Business Relationships" under "Proposal 1. Election of Directors" is incorporated in this Item 13 by reference.

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, 2000 and 1999, and the related Consolidated Statements of Income, Stockholders' Equity and Cash Flow for the years ended December 31, 2000, 1999 and 1998, and the related Notes thereto, and the Independent Auditors' Report of Deloitte & Touche LLP thereon are incorporated in Part II, Item 8 of this Form 10-K by reference to the financial statements contained in the 2000 Annual Report to Stockholders. In addition, a related report of Deloitte & Touche LLP is included herein.

2. Financial statement schedule:

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 2000 Annual Report to Stockholders.

Independent Auditors' Report

Schedule for Kimberly-Clark Corporation and Subsidiaries:
Schedule 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, dated June 12, 1997, incorporated by reference to Exhibit (3)(a) of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1999.

Exhibit No. (3)b. By-Laws, as amended November 22, 1996, incorporated by reference to Exhibit No. 4.2 of the Corporation's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on December 6, 1996 (File No. 333-17367).

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. Management Achievement Award Program, as amended and restated as of January 1, 1998, incorporated by reference to Exhibit No. (10)a of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997.

Exhibit No. (10)b. Executive Severance Plan, as amended and restated as of June 8, 2000.

Exhibit No. (10)c. Fourth Amended and Restated Deferred Compensation Plan for Directors, incorporated by reference to Exhibit No. (10)c of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

PART IV
(Continued)

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K
(Continued)

Exhibit No. (10)d. 1986 Equity Participation Plan, as amended effective November 20, 1997, incorporated by reference to Exhibit No. (10)d of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997.

Exhibit No. (10)e. 1992 Equity Participation Plan, as amended effective November 14, 2000.

Exhibit No. (10)f. Deferred Compensation Plan, as amended effective November 14, 2000.

Exhibit No. (10)g. Outside Directors' Stock Compensation Plan, incorporated by reference to Exhibit No. 4.5 to the Corporation's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on April 18, 1996 (File No. 33-02607).

Exhibit No. (10)h. Supplemental Benefit Plan to Salaried Employees' Retirement Plan, amended and restated as of November 17, 1994, incorporated by reference to Exhibit No. (10)i of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

Exhibit No. (10)i. Second Supplemental Benefit Plan to Salaried Employees' Retirement Plan, amended and restated as of November 17, 1994, incorporated by reference to Exhibit No. (10)j of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

Exhibit No. (10)j. Retirement Contribution Excess Benefit Program, as amended and restated as of June 29, 2000.

Exhibit No. (10)k. 1999 Restricted Stock Plan, as amended effective November 14, 2000.

Exhibit No. (10)l. Outside Directors' Stock Option Plan, effective January 1, 2001.

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 2000.

Exhibit No. (13). Portions of the Corporation's 2000 Annual Report to Stockholders incorporated by reference in this Form 10-K.

Exhibit No. (21). Subsidiaries of the Corporation.

Exhibit No. (23). Independent Auditors' Consent of Deloitte & Touche LLP.

Exhibit No. (24). Powers of Attorney.

PART IV
(Continued)

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K
(Continued)

(b) REPORTS ON FORM 8-K

The Corporation filed a Current Report on Form 8-K, dated November 14, 2000, to report that the Board of Directors of the Corporation authorized the repurchase of an additional 25 million shares of the Corporation's Common Stock.

INDEPENDENT AUDITORS' REPORT

KIMBERLY-CLARK CORPORATION:

We have audited the consolidated financial statements of Kimberly-Clark Corporation as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, and have issued our report thereon dated January 23, 2001; such consolidated financial statements and report are included in your 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 on the financial statement schedule based on our audits. In our opinion, the consolidated financial statement schedule listed in Item 14, 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.

/S/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Dallas, Texas
January 23, 2001

SCHEDULE II Kimberly-Clark Corporation and Subsidiaries
 VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
 (Millions of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS(A)	WRITE-OFFS AND RECLASSIFICATIONS	
DECEMBER 31, 2000					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	\$50.9	\$ 12.7	\$3.9	\$ 14.3 (b)	\$53.2
Allowances for sales discounts.	20.7	203.7	(.4)	204.1 (c)	19.9
DECEMBER 31, 1999					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	\$51.5	\$ 13.9	\$6.8	\$ 21.3 (b)	\$50.9
Allowances for sales discounts.	15.8	176.2	(.4)	170.9 (c)	20.7
DECEMBER 31, 1998					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	\$37.8	\$ 21.5	\$3.1	\$ 10.9 (b)	\$51.5
Allowances for sales discounts.	22.1	182.5	.2	189.0 (c)	15.8

(a) Includes bad debt recoveries and the effects of changes in foreign currency exchange rates. Also includes the beginning balances resulting from acquisitions made during the year and from the consolidation of Hogla-Kimberly Limited, the Corporation's Israeli affiliate, and Colombiana Kimberly Colpapel S.A., its Colombian affiliate, in 2000 and 1999, respectively.

(b) Primarily uncollectible receivables written off.

(c) Sales discounts allowed.

SCHEDULE II
 VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
 (Millions of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	WRITE-OFFS AND RECLASSIFICATIONS	
1998 AND 1997 PLANS					
DECEMBER 31, 1999					
Contra assets deducted from assets to which they apply					
Inventory	\$10.9	\$(.3)	\$-	\$10.6	\$ -
Other Assets . . . . .	.5	(.5)	\$-	-	-
DECEMBER 31, 1998					
Contra assets deducted from assets to which they apply					
Inventory	\$23.8	\$4.1	\$-	\$17.0	\$10.9
Other Assets	12.1	.2	\$-	11.8	.5

SCHEDULE II
 VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEAR ENDED DECEMBER 31, 1998
 (Millions of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	WRITE-OFFS AND RECLASSIFICATIONS	

1995 PLAN

DECEMBER 31, 1998
 Contra assets deducted from
 assets to which they apply

Inventory	\$.6	\$-	\$-	\$.6	\$-
---------------------	-------	-----	-----	-------	-----

SCHEDULE II
 VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
 (Millions of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS		
DECEMBER 31, 2000					
Deferred Taxes					
Valuation Allowance	\$279.0	\$(102.6)	\$-	\$17.6	\$158.8
DECEMBER 31, 1999					
Deferred Taxes					
Valuation Allowance	\$285.6	\$ 34.9	\$-	\$41.5	\$279.0
DECEMBER 31, 1998					
Deferred Taxes					
Valuation Allowance	\$209.0	\$ 71.1	\$-	\$(5.5)	\$285.6

(a) Includes the net currency effects of translating valuation allowances at current rates under SFAS No. 52 of \$(17.8) million in 2000, \$(39.4) million in 1999 and \$15.6 million in 1998. Included in this column are expired income tax loss carryforwards of \$15.8 million in 1998. These items offset deferred tax assets resulting in no effect on the consolidated balance sheet.

DESCRIPTION

Consolidated financial statements, incorporated by reference

Independent Auditors' Report, incorporated by reference

Independent Auditors' Report

Schedule for Kimberly-Clark Corporation and Subsidiaries:
Schedule II Valuation and Qualifying Accounts

Exhibit No. (3)a. Restated Certificate of Incorporation, dated June 12, 1997, incorporated by reference to Exhibit (3)(a) of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1999.

Exhibit No. (3)b. By-Laws, as amended November 22, 1996, incorporated by reference to Exhibit No. 4.2 of the Corporation's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on December 6, 1996 (File No. 333-17367).

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. Management Achievement Award Program, as amended and restated as of January 1, 1998, incorporated by reference to Exhibit No. (10)a of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997.

Exhibit No. (10)b. Executive Severance Plan, as amended and restated as of June 8, 2000.

Exhibit No. (10)c. Fourth Amended and Restated Deferred Compensation Plan for Directors, incorporated by reference to Exhibit No. (10)c of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

Exhibit No. (10)d. 1986 Equity Participation Plan, as amended effective November 20, 1997, incorporated by reference to Exhibit No. (10)d of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997.

Exhibit No. (10)e. 1992 Equity Participation Plan, as amended effective November 14, 2000.

Exhibit No. (10)f. Deferred Compensation Plan, as amended effective November 14, 2000.

Exhibit No. (10)g. Outside Directors' Stock Compensation Plan, incorporated by reference to Exhibit No. 4.5 to the Corporation's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on April 18, 1996 (File No. 33-02607).

Exhibit No. (10)h. Supplemental Benefit Plan to Salaried Employees' Retirement Plan, amended and restated as of November 17, 1994, incorporated by reference to Exhibit No. (10)i of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

Exhibit No. (10)i. Second Supplemental Benefit Plan to Salaried Employees' Retirement Plan, amended and restated as of November 17, 1994, incorporated by reference to Exhibit No. (10)j of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

Exhibit No. (10)j. Retirement Contribution Excess Benefit Program, as amended and restated as of June 29, 2000.

Exhibit No. (10)k. 1999 Restricted Stock Plan, as amended effective November 14, 2000.

Exhibit No. (10)l. Outside Directors' Stock Option Plan, effective January 1, 2001.

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 2000.

Exhibit No. (13). Portions of the Corporation's 2000 Annual Report to Stockholders incorporated by reference in this Form 10-K.

Exhibit No. (21). Subsidiaries of the Corporation.

Exhibit No. (23). Independent Auditors' Consent of Deloitte & Touche LLP.

Exhibit No. (24). Powers of Attorney.

KIMBERLY-CLARK CORPORATION

EXECUTIVE SEVERANCE PLAN

As
Amended and Restated
As of June 8, 2000

1. Preamble and Statement of Purpose. The purpose of this Plan is to

assure the Corporation that it will have the continued dedication of, and the availability of objective advice and counsel from, key executives of the Corporation notwithstanding the possibility, threat or occurrence of a bid to take over control of the Corporation.

In the event the Corporation receives any proposal from a third person concerning a possible business combination with the Corporation, or acquisition of the Corporation's equity securities, the Board of Directors (the "Board") believes it imperative that the Corporation and the Board be able to rely upon key executives to continue in their positions and be available for advice, if requested, without concern that those individuals might be distracted by the personal uncertainties and risks created by such a proposal.

Should the Corporation receive any such proposals, in addition to their regular duties, such key executives may be called upon to assist in the assessment of proposals, advise management and the Board as to whether such proposals would be in the best interest of the Corporation and its stockholders, and to take such other actions as the Board might determine to be appropriate.

2. Definitions. As used in this Plan, the following terms shall have

the following respective meanings:

(a) Agreement: An Executive Severance Agreement in

substantially the form approved by the Board and attached hereto as Exhibit A.

(b) Cause: The term "Cause" shall mean any of the

following:

(i) the commission by the Participant of a felony;

(ii) the Participant's dishonesty, habitual neglect

or incompetence in the management of the affairs of the Corporation; or

(iii) the refusal or failure by the Participant to

act in accordance with any lawful directive or order of the Corporation, or an act or failure to act by the Participant which is in bad faith and which is detrimental to the Corporation.

(c) Change of Control: A "Change of Control" 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, acquires shares of the Corporation having 20% or more of the total number of votes that may be cast for the election of Directors of the Corporation; or (ii) as the result of any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or any successor to the Corporation.

(d) Corporation: Kimberly-Clark Corporation.

(e) Eligible Executive: Those key executives of the

Corporation and its Subsidiaries who are from time to time designated by the Board as, or who pursuant to criteria established by the Board or its Compensation Committee are, eligible to receive an Agreement.

(f) Good Reason: Termination by the Participant for "Good

Reason" shall mean the occurrence (without the Participant's express written consent) of any one of the following acts by the Corporation, or failures by the Corporation to act, unless, in the case of any act or failure to act described below, such act or failure to act is corrected prior to the Participant's termination date:

(i) the assignment to the Participant of any duties inconsistent with the Participant's status as a key executive officer of the corporation or a substantial adverse alteration in the nature or status of the Participant's responsibilities from those in effect immediately prior to the Change of Control other than such alteration primarily attributable to the fact that the Corporation may no longer be a public company;

(ii) a reduction by the Corporation of the Participant's annual base salary by five percent or more as in effect immediately prior to the Change of Control, except for across-the-board salary reductions similarly affecting all key executives of the Corporation;

(iii) the Corporation requiring the Participant to be based at a location more than 50 miles from the location of the Participant's office as of the date of the Change of Control except for required travel on the Corporation's business to an extent substantially consistent with the Participant's business travel obligations as of the date of the Change of Control;

(iv) the failure of the Corporation to pay as soon as administratively feasible, after notice from the Participant, any portion of the Participant's current compensation;

(v) the failure of the Corporation to continue in effect any compensation plan in which the Participant participates immediately prior to the Change of Control which is material to the Participant's total compensation, but including but not limited to the Corporation's stock option, incentive compensation, and bonus plans, or any substitute plans adopted prior to the Change of Control, unless an equitable arrangement (which is embodied in an ongoing substitute or alternative plan but which need not provide the Participant with equity-based incentives) has been made with respect to such plan, or the failure by the Corporation to continue the Participant's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable than the benefits provided to other participants; or

(vi) the failure by the Corporation to continue to provide the Participant with benefits substantially similar to those enjoyed by the Participant under any of the Corporation's pension, life insurance, medical, health and accident, or disability plans in which the Participant was participating at the time of the Change of Control, the taking of any action by the Corporation which would directly or indirectly materially reduce any of such benefits or deprive the Participant of any material fringe benefit enjoyed by the Participant at the time of the Change of Control, or the failure by the Corporation to provide the Participant with the number of paid vacation days to which the Participant is entitled on the basis of years of service with the Corporation in accordance with the Corporation's normal vacation policy in effect at the time of the Change of Control.

The Participant's right to terminate the Participant's employment for Good Reason shall not be affected by the Participant's incapacity due to physical or mental illness. The Participant's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

(g) Participant: An Eligible Executive who is a party to an

Agreement which has not been terminated in accordance with the terms of this Plan prior to the time when the Corporation has knowledge that any third person has taken steps reasonably calculated to effect a Change of Control of the Corporation.

(h) Qualified Termination of Employment: The termination of

a Participant's employment with the Corporation and/or its Subsidiaries within the two (2) year period following a Change of Control of the Corporation for any reason (whether voluntary or involuntary) unless such termination is by reason of death or disability or, to the extent specifically provided in the Participant's Agreement, unless such termination is (i) by the Corporation for Cause or (ii) by the Participant without Good Reason. Subject to subparagraph 2(f), transfers of employment for administrative purposes among the Corporation and its Subsidiaries shall not be deemed a Qualified Termination of Employment.

(i) Subsidiary: Any domestic or foreign corporation at

least twenty percent (20%) of whose shares normally entitled to vote in electing directors is owned directly or indirectly by the Corporation or by other Subsidiaries.

3. Participation. Eligible Executives shall be proffered an

Agreement and upon execution and delivery thereof by the Eligible Executive evidencing such Eligible Executive's agreement not to voluntarily leave the employ of the Corporation and its Subsidiaries and to continue to render services during the pendency of any threatened Change of Control of the Corporation, such Eligible Executive shall become a Participant. A Participant shall cease to be a Participant in the Plan when notified by the Board that it has determined that such Participant has ceased to be a key executive for purposes of this Plan or upon termination of employment with the Corporation or its Subsidiaries prior to a Change of Control in which case the Agreement shall terminate and be of no further force and effect, except that, no such determination that a Participant has ceased to be a key executive shall be made, and if made shall have no effect, during any period of time when the Corporation has knowledge that any third person has taken steps reasonably calculated to effect a Change of Control of the Corporation until, in the opinion of the Board, the third person has abandoned or terminated his efforts to effect a Change of Control. Any decision by the Board that the third person has abandoned or terminated his efforts to effect a Change of Control shall be conclusive and binding on the Participants.

4. Termination of Employment of Participants. Nothing in this Plan

shall be deemed to entitle a Participant to continued employment with the Corporation and its Subsidiaries and the rights of the Corporation to terminate the employment of a Participant shall continue as fully as though this Plan were not in effect, provided that any Qualified Termination of Employment within two years following a Change of Control shall entitle the Participant to the benefits herein provided. In addition, nothing in this Plan shall be deemed to entitle a Participant under this Plan to any rights, or to payments under this Plan, with respect to any plan in which the Participant was not a participant prior to a Qualified Termination of Employment.

5. Payments Upon Qualified Termination of Employment. In the event of

a Qualified Termination of Employment of a Participant, a lump sum cash payment or payments shall be made to such Participant as compensation for services rendered, in an amount or amounts (subject to any applicable payroll or other taxes required to be withheld) equal to the sum of the amounts specified in subparagraphs (i) through (vi) below, such payments to be made within 10 days following the last day of employment of the Participant with the Corporation except to the extent not yet calculable, in which case such portions shall be paid as soon as practicable following the ability to calculate the amount.

(i) Salary Plus Incentive Compensation. An amount

equal to three times the sum of (a) the Participant's annual base salary at the rate in effect immediately prior to the Change of Control and (b) the maximum award payable to the Participant for the year in which the Change of Control occurred (or, if not then established, for the preceding year) under the Kimberly-Clark Corporation Management Achievement Award Program or any successor or additional plan;

(ii) Equity Participation Plan - Participation

Shares.

An amount equal to the payment to which the Participant would have been entitled had all Participation Shares awarded to the Participant under the Kimberly-Clark Corporation 1992 Equity Participation Plan (or any successor or additional plan) and which had not matured as of the date of termination of employment and which will not mature as a result of the termination of employment, matured, such payment to be the higher of (a) the payment determined as though such award had matured and its book value at maturity been determined on the last day of the year preceding the Change of Control, or (b) the payment determined as though such award had matured and its book value at maturity been determined on the last day of the calendar quarter preceding the date of termination of the Participant's employment;

(iii) Equity Participation Plan - Option Shares.

With respect to stock options granted to the Participant under the Kimberly-Clark Corporation 1992 Equity Participation Plan (or any successor or additional plan) which are not exercisable on or after the date of the termination of the Participant's employment or, if exercisable, on the date of termination of employment, not thereafter exercised, an amount equal to the higher of the excess of (a) the value on the date preceding the Change of Control of all shares of common stock of the Corporation optioned to the Participant pursuant to such options, or (b) such value on the date of termination of employment, over the option price;

(iv) Restricted Stock. With respect to restricted

stock granted to the Participant under the Kimberly-Clark Corporation 1999 Restricted Stock Plan (or any successor or additional plan) which are not vested on the date of the termination of the Participant's employment, an amount equal to the higher of (a) the value on the date preceding the Change of Control of an equivalent number of shares of common stock of the Corporation, or (b) such value on the date of termination of employment;

(v) Incentive Investment Plan. An amount equal to

the excess of (a) the benefits under the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan (or any successor or additional plan) to which the Participant would be entitled if he were fully vested in all of his benefits under the Plan at the date of termination of employment, over (b) the value of the benefits to which the Participant is actually entitled at the date of termination of employment; and

(vi) Retirement Contribution Plan. An amount equal to

(a) the Participant's annual Retirement Contributions under the Kimberly-Clark Corporation Retirement Contribution Plan (or any successor or additional plans) and the Kimberly-Clark Corporation Retirement Contribution Excess Benefit Program (or any successor or additional plans) (collectively the "Retirement Contribution Plan") to which the Participant would have been entitled if he had remained employed by the Corporation for an additional period of three years at the rate of annual compensation specified in subparagraph (i) of Paragraph 5 above except that the Management Achievement Award Program element shall be treated as earned for the year in which termination occurred and the two subsequent years and no award actually earned in, and paid for, the year in which termination occurred shall be considered, plus (b) the excess of (I) the benefits under the Retirement Contribution Plan to which the Participant would be entitled if he were fully vested in all of his benefits under the Retirement Contribution Plan at the date of termination of employment, over (II) the value of the benefits to which the Participant is actually entitled at the date of termination of employment.

(vii) Successor or Additional Stock Option, Stock

Appreciation Right, Incentive Compensation, and Bonus Plan. An amount equal

to the payment to which the Executive would have been entitled had all amounts awarded or granted to the Executive, vested or matured, under any stock option, stock appreciation right, incentive compensation, and bonus plans which are adopted after the effective date of the Executive's Agreement and in which the Executive participates immediately prior to the Change of Control, which is material to the Executive's total compensation, but including any substitute plans adopted prior to the Change of Control, (or any successor or additional plan), which had not vested or matured as of the date of termination of employment and will not vest or mature as a result of the termination of the Executive's employment, such payment to be the higher of (a) the payment determined as though such award or grant had vested or matured on the day of the Change of Control, or (b) the payment determined as though such award or grant had vested or matured on the date of termination of the Executive's employment;

6. Salaried Retirement Plan. In the event of a Qualified Termination

of Employment, a Participant shall be paid a monthly retirement benefit, in addition to any benefits received under the Supplemental Benefit Plan to the Kimberly-Clark Corporation Salaried Employees' Retirement Plan (or any successor or additional plans) and the Second Supplemental Benefit Plan to the Kimberly-Clark Corporation Salaried Employees' Retirement Plan (or any successor or additional plans) (collectively the "Supplemental Plan") and the Kimberly-Clark Corporation Salaried Employees' Retirement Plan (or any successor or additional plans) (the "Salaried Retirement Plan"), such benefit to commence on the commencement of payment of benefits under the Salaried Retirement Plan, but not prior to three years following the date of Qualified Termination of Employment, such benefit to be in the form of a straight life annuity without level income option and in an amount equal to the excess of (a) the benefits under the Salaried Retirement Plan and the Supplemental Plan to which the Participant would have been entitled in the form of a straight life annuity without level income option if such Participant had remained employed by the Corporation for an additional period of three years, at the rate of annual compensation specified in subparagraph (i) of Paragraph 5 above except that the Management Achievement Award Program element shall be treated as earned for the year in which termination occurred and the two subsequent years and no award actually earned in, and paid for, the year in which termination occurred shall be considered, over (b) the benefits to which the Participant would actually have been entitled under the Salaried Retirement Plan and the Supplemental Plan, had such benefit been paid in the form of a straight life annuity without level income option.

7. Other Terms and Conditions. The Agreement to be entered into

pursuant to this Plan shall contain such other terms, provisions and conditions not inconsistent with this Plan as shall be determined by the Board. Where appearing in this Plan or the Agreement, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise.

8. Non-Assignability. Each Participant's rights under this Plan

shall be non-transferable except by will or by the laws of descent and distribution.

9. Unfunded Plan. The Plan shall be unfunded. Neither the

Corporation nor the Board shall be required to segregate any assets that may at any time be represented by benefits under the Plan. Neither the Corporation or the Board shall be deemed to be a trustee of any amounts to be paid under the Plan. Any liability of the Corporation to any Participant with respect to any benefit shall be based solely upon any contractual obligations created by the Plan and the Agreement; no such obligation shall be deemed to be secured by any pledge or any encumbrance on any property of the Corporation.

10. Certain Reduction of Payments by the Corporation.

(a) For purposes of this paragraph 10, (i) a Payment shall mean any payment or distribution in the nature of compensation to or for the

benefit of a Participant, whether paid or payable pursuant to this Plan or otherwise; (ii) Separation Payment shall mean a Payment paid or payable pursuant to this Plan (disregarding this paragraph); (iii) Net After Tax Receipt shall mean the Present Value of a Payment net of all taxes imposed on an Participant with respect thereto under Sections 1 and 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), determined by applying the highest marginal rate under Section 1 of the Code which applied to the Participant's taxable income for the immediately preceding taxable year; (iv) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code; and (v) "Reduced Amount" shall mean the greatest aggregate amount of Separation Payments which (a) is less than the sum of all Separation Payments and (b) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which would result if the Participant were paid the sum of all Separation Payments.

(b) Anything in this Agreement to the contrary notwithstanding, in the event Deloitte & Touche LLP or such other certified public accounting firm designated by the Participant (the "Accounting Firm") shall determine that receipt of all Payments would subject the Participant to tax under Section 4999 of the Code, it shall determine whether some amount of Separation Payments would meet the definition of a "Reduced Amount." If said firm determines that there is a Reduced Amount, the aggregate Separation Payments shall be reduced to such Reduced Amount. All fees payable to the Accounting Firm with respect to this paragraph 10 shall be paid solely by the Corporation.

(c) If Accounting Firm determines that aggregate Separation Payments should be reduced to the Reduced Amount, the Corporation shall promptly give the Participant notice to that effect and a copy of the detailed

calculation thereof, and the Participant may then elect, in his sole discretion, which and how much of the Separation Payments shall be eliminated or reduced (as long as after such election the present value of the aggregate Separation Payments equals the Reduced Amount), and shall advise the Corporation in writing of his election within ten days of his receipt of notice. If no such election is made by the Participant within such ten-day period, the Corporation may elect which of such Separation Payments shall be eliminated or reduced (as long as after such election the present value of the aggregate Separation Payments equals the Reduced Amount) and shall notify the Participant promptly of such election. All determinations made by Accounting Firm under this paragraph shall be binding upon the Corporation and the Participant and shall be made within 60 days of a termination of employment of the Participant. As promptly as practicable following such determination, the Corporation shall pay to or distribute for the benefit of the Participant such Separation Payments as are then due to the Participant under this Plan and shall promptly pay to or distribute for the benefit of the Participant in the future such Separation Payments as become due to the Participant under this Plan.

(d) While it is the intention of the Corporation to reduce the amounts payable or distributable to the Participants hereunder only if the aggregate Net After Tax Receipts to a Participant would thereby be increased, as a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Corporation to or for the benefit of an Participant pursuant to this Plan which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Corporation to or for the benefit of a Participant pursuant to this Plan could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of

the Reduced Amount hereunder. In the event that Accounting Firm, based either upon the assertion of a deficiency by the Internal Revenue Service against the Corporation or the Participant which Accounting Firm believes has a high probability of success determines that an Overpayment has been made, any such benefit of an Participant shall be treated for all purposes as a loan to the Participant which the Participant shall repay to the Corporation together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by a Participant to the Corporation if and to the extent such deemed loan and payment would not either reduce the amount on which the Participant is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Corporation to or for the benefit of the Participant together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

11. Termination and Amendment of this Plan. The Board shall have

power at any time, in its discretion, to amend, abandon or terminate this Plan, in whole or in part; except that no amendment, abandonment or termination shall impair or abridge the obligations of the Corporation under any Agreements previously entered into pursuant to this Plan.

12. Effective Date. This amended and restated Plan shall become

effective on June 8, 2000.

KIMBERLY-CLARK CORPORATION
1992 EQUITY PARTICIPATION PLAN
(AS AMENDED EFFECTIVE NOVEMBER 14, 2000)

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 an Affiliate, to acquire an ownership interest in the Corporation, thereby increasing their motivation for and interest in the Corporation's or Affiliate's long-term success.

2. EFFECTIVE DATE

The Plan was originally adopted effective as of April 24, 1992, upon approval by the stockholders of the Corporation at the 1992 Annual Meeting. The Plan as hereby amended and restated is effective as of November 14, 2000.

3. DEFINITIONS

"Account" has the meaning set forth in subsection 7(a) of this Plan.

"Affiliate" means any company in which the Corporation owns 20% or more

of the equity interest (collectively, the "Affiliates").

"Award" has the meaning set forth 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.

"Base Value" has the meaning set forth in subsection 7(a) of this Plan.

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

"Book Value" has the meaning set forth in subsection 7(a) of this Plan.

"Cause" means any of the following: (i) the commission by the

Participant of a felony; (ii) the Participant's dishonesty, habitual neglect or incompetence in the management of the affairs of the Corporation; or (iii) the refusal or failure by the Participant to act in accordance with any lawful directive or order of the Corporation, or an act or failure to act by the Participant which is in bad faith and which is detrimental to the Corporation.

"Change of Control" means an event 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, acquires shares of the Corporation having 20% or more of the total number of votes that may be cast for the election of Directors of the Corporation; or (ii) as the result of any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or any successor to the Corporation.

"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 a "Non-Employee Director"

for purposes of rule 16b-3 under the Exchange Act, or any successor provision,

and who is also an "outside director" for purposes of section 162(m) of the Code or any successor section.

"Dividend Shares" has the meaning set forth in subsection 7(c) of this Plan.

"Dividend Share Value" means Dividend Share Value as defined in subsection 7(c) of this Plan.

"Exchange Act" means the Securities Exchange Act of 1934 and the rules and 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 422 of the Code or any successor section.

"Insider" has the meaning set forth in subsection 15(k) of this Plan.

"Maturity Date" has the meaning set forth in subsection 7(b) of this Plan.

"Maturity Value" has the meaning set forth in subsection 7(c) of this Plan.

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

"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.

"Option Price" has the meaning set forth in subsection 8(b) of this Plan.

"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.

"Qualified Termination of Employment" means the termination of a

Participant's employment with the Corporation and/or its Affiliates within the
two (2) year period following a Change of Control of the Corporation for any
reason (whether voluntary or involuntary) unless such termination is by reason
of death or disability or unless such termination is (i) by the Corporation
for Cause or (ii) by the Participant without Good Reason. Subject to the
definition of "Termination by the Participant for Good Reason," transfers of
employment for administrative purposes among the Corporation and its
Affiliates shall not be deemed a Qualified Termination of Employment.

"Retirement" and "Retires" means the termination of employment on or

after the date the Participant is entitled to receive immediate payments under
a qualified retirement plan of the Corporation or an Affiliate; provided,
however, if the Participant is not eligible to participate under a qualified
retirement plan of the Corporation or its Affiliates then such Participant
shall be deemed to have retired if his termination of employment is on or
after the date such Participant has attained age 55.

"Severe Financial Hardship" means a severe financial hardship as defined

in subsection 15(h) of this Plan.

"Stock Appreciation Right (SAR)" has the meaning set forth in subsection

8(j)(i) of this Plan.

"Termination by the Participant for Good Reason" shall mean the

occurrence (without the Participant's express written consent) of any one of
the following acts by the Corporation, or failures by the Corporation to act,
unless, in the case of any act or failure to act described below, such act or
failure to act is corrected prior to the Participant's termination date:

(i) the assignment to the Participant of any duties inconsistent with
the Participant's status with the corporation or a substantial adverse
alteration in the nature or status of the Participant's responsibilities from
those in effect immediately prior to the Change of Control other than such
alteration primarily attributable to the fact that the Corporation may no
longer be a public company;

(ii) a reduction by the Corporation of the Participant's annual base
salary by five percent or more as in effect immediately prior to the Change
of Control, except for across-the-board salary reductions similarly affecting all
similarly situated employees of the Corporation;

(iii) the Corporation requiring the Participant to be based at a
location more than 50 miles from the location of the Participant's office as
of the date of the Change of Control except for required travel on the
Corporation's business to an extent substantially consistent with the
Participant's business travel obligations as of the date of the Change of
Control;

(iv) the failure of the Corporation to pay as soon as
administratively feasible, after notice from the Participant, any portion of
the Participant's current compensation;

(v) the failure of the Corporation to continue in effect any
compensation plan in which the Participant participates immediately prior to
the Change of Control which is material to the Participant's total
compensation, including but not limited to the Corporation's stock option,
incentive compensation, and bonus plans, or any substitute plans adopted prior
to the Change of Control, unless an equitable arrangement (which is embodied
in an ongoing substitute or alternative plan but which need not provide the
Participant with equity-based incentives) has been made with respect to such
plan, or the failure by the Corporation to continue the Participant's
participation therein (or in such substitute or alternative plan) on a basis
not materially less favorable than the benefits provided to other
participants; or

(vi) the failure by the Corporation to continue to provide the Participant with benefits substantially similar to those enjoyed by the Participant under any of the Corporation's pension, life insurance, medical, health and accident, or disability plans in which the Participant was participating at the time of the Change of Control, the taking of any action by the Corporation which would directly or indirectly materially reduce any of such benefits or deprive the Participant of any material fringe benefit enjoyed by the Participant at the time of the Change of Control, or the failure by the Corporation to provide the Participant with the number of paid vacation days to which the Participant is entitled on the basis of years of service with the Corporation in accordance with the Corporation's normal vacation policy in effect at the time of the Change of Control.

The Participant's right to terminate the Participant's employment for Good Reason shall not be affected by the Participant's incapacity due to physical or mental illness. The Participant's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Total and Permanent Disability" means Totally and Permanently Disabled

as defined in the Kimberly-Clark Corporation Salaried Employees' Retirement Plan.

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; provided, however, that no such action or determination may increase the amount of compensation payable that would otherwise be due in a manner that would result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section. 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, the selection of officers and directors for participation and decisions concerning the timing, pricing and amount of a grant or Award 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; (c) any delegation shall satisfy all applicable requirements of rule 16b-3 of the Exchange Act, or any successor provision; and (d) no such delegation shall result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section. 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 Affiliate or to have in the past so contributed. Only employees (including officers and directors who are employees) of the Corporation and its Affiliates 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 subsection 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 payment equal to the sum of the Maturity Value and the Dividend Share Value for his or her Participation Share award, payable as provided in subsection 7(g). Any such payment after June 8, 2000 shall be payable solely in cash. Any such payment on or before June 8, 2000 shall be payable either in cash, or partly in cash and up to 50 percent in Common Stock, as determined by the Committee when the Award is granted. Such payment in Common Stock shall be payable in the number of shares of Common Stock that

could have been purchased with the amount equal to the sum of the Maturity Value and the Dividend Share Value for that portion of his or her Participation Share award which is payable in Common Stock, at the average of the Fair Market Value of shares of Common Stock on each business day during the month immediately preceding the month of such payment. A Participation Share award only shall be paid in Common Stock as provided above to the extent shares of Common Stock are available under section 10 hereof, with the remainder settled in cash. To the extent shares of Common Stock are not fully available under section 10 hereof to fully pay such portion of the Award in shares of Common Stock then the available shares of Common Stock shall be paid on a pro rata basis, with the remainder settled in cash.

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 \$.205 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 and the two-for-one stock split which was declared on February 20, 1997, 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.

(e) Adjustments. To preserve the benefit to the Participant and the Corporation contemplated hereby, stock repurchases (other than Common Stock transferred to the Corporation upon the exercise of an Option pursuant to subsection 8(f)) or changes in the Corporation's accounting policies during any fiscal year shall be automatically excluded for purposes of determining Book Value for purposes of this Plan for such fiscal year and for all future years with respect to any outstanding Participation Share Awards; provided, however, that the Committee shall have the discretion to waive any such exclusion that would have the effect of increasing Book Value (to the extent that such discretion does not result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section). To

further 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 \$.205 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(h), the 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 subsection 9(a), any Participation Shares or Dividend Shares credited to a Participant's Account shall be forfeited if the Participant is dismissed or leaves the service of the Corporation or Affiliate prior to the Maturity Date 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 7(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 an Affiliate; provided, however, that the Option shall become exercisable immediately in the event of a Qualified Termination of Employment of a Participant, without regard to the limitations set forth below in this subsection 8(c). 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 Option be exercised more than 10 years after the date of its grant.

(d) Exercise after Death, Retirement, or Disability. If a Participant dies 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. If a Participant Retires 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 the remaining period of the Option.

(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. Notwithstanding anything in this subsection 8(e) to the contrary, the Committee may grant to designated Participants the right to transfer Nonqualified Stock Options, to the extent allowed under rule 16b-3 of the Exchange Act, subject to the terms and conditions of the Committee Rules.

(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 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 Affiliates.

(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 an Affiliate other than an Affiliate 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) increase any benefits accruing to any Participants under the Plan, (2) increase the number of securities which may be issued under the Plan, (3) modify the requirements for eligibility to participate in the Plan, (4) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Exchange Act or the Code or (5) result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

(j) Election to Receive Cash Rather than Stock.

(i) At the same time as Nonqualified Stock Options are granted the Committee may also grant to designated Participants the right to convert a specified number of shares of Common Stock covered by such Nonqualified Stock Options to cash, subject to the terms and conditions of this subsection 8(j). 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. Such a right shall be referred to herein as a Stock Appreciation Right ("SAR"). Participants to which an SAR has been granted shall be notified of such grant and of the Options to which such SAR pertains. An SAR may be revoked by the Committee, in its sole discretion, at any time, provided, however, that no such revocation may be taken hereunder if such action would result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

(ii) A person who has been granted an SAR may exercise such SAR during such periods as provided for in the rules promulgated under section 16 of the Exchange Act. The SAR shall expire when the period of the subject Option expires.

(iii) At the time a Participant converts one or more shares of Common Stock covered by an Option to cash pursuant to an SAR, such Participant must exercise one or more Nonqualified Stock Options, which were granted at the same time as the Option subject to such SAR, for an equal number of shares of Common Stock. In the event that the number of shares and the Option Price per share of all shares of Common Stock subject to outstanding Options is adjusted as provided in the Plan, the above SARs shall automatically be adjusted in the same ratio which reflects the adjustment to the number of shares and the Option Price per share of all shares of Common Stock subject to outstanding Options.

9. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS

(a) A Participation Share award shall be considered to reach maturity as of the close of the fiscal year in which (i) a Participant's employment terminates because such Participant enters governmental service or (ii) the Participant's employment with the Corporation or an Affiliate is terminated by reason of a shutdown or divestiture of all or a portion of the Corporation's or its Affiliate's business.

(b) An authorized leave of absence, or qualified military leave in accordance with section 414(u) of the Code, shall not be deemed to be a termination of employment for purposes of the Plan. A termination of employment with the Corporation or an Affiliate to accept immediate reemployment with the Corporation or an Affiliate 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 40,000,000 in the aggregate, of which not more than 40,000,000 shall be available for option and sale, subject to the adjustment provision set forth in section 12 hereof. 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, other than those Participation Shares which are retired through the payment of Common Stock, and shares subject to Options which become ineligible for purchase will be available for Awards under the Plan to the extent permitted by section 16 of the Exchange Act (or the rules and regulations promulgated thereunder) and to the extent determined to be appropriate by the Committee. Shares of Common Stock which are distributed through the payment of Participation Share Awards pursuant to subsection 7(c) will not be available for Awards 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 within any 2 consecutive calendar year period shall not exceed 1,000,000 in the aggregate. If an Option which had been granted to a Participant is canceled, the shares of Common Stock which had been subject to such canceled Option shall continue to be counted against the maximum number of shares for which Options may be granted to the Participant. In the event that the number of Participation Shares which may be awarded or Options which may be granted is adjusted as provided in the Plan, the above limits shall automatically be adjusted in the same ratio which reflects the adjustment to the number of Participation Shares or Options available under the Plan.

12. CHANGES IN CAPITALIZATION

In the event there are any changes in the Common Stock or the capitalization of the Corporation through a corporate transaction, such as any merger, any acquisition through the issuance of capital stock of the Corporation, any consolidation, any separation of the Corporation (including a spin-off or other distribution of stock of the Corporation), any reorganization of the Corporation (whether or not such reorganization comes within the definition of such term in section 368 of the Code), or any partial or complete liquidation by the Corporation, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes shall be made by the Committee, to the extent necessary to preserve the benefit to the Participant contemplated hereby, to reflect such changes in (a) the aggregate number of shares subject to the Plan, (b) the maximum number of shares for which Options or 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 the number of Dividend Shares credited to Participants' Accounts, and (e) such other provisions of the Plan as may be necessary and equitable to carry out the foregoing purposes, provided, however that no such adjustment or change may be made to the extent that such adjustment or change will result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

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 an Affiliate. 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 an Affiliate 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 prior thereto by 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, its Affiliates, the Board of Directors of the Corporation or its Affiliates, 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 Affiliates, and the Corporation and its Affiliates expressly reserve the right to discharge any Participant without liability to the Corporation, its Affiliates, the Board of Directors of the Corporation or its Affiliates or the Committee, except as to any rights which may be expressly conferred upon a Participant under the Plan.

(c) Binding Effect. 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 conclusive and binding upon all persons.

(d) Modification of Awards.

(1) 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 existing or future Dividend Shares for the purposes of any payments that might be made under subsection (c) at their Book Value as of the end of the fiscal year of the Corporation in which such notice is dated so that no further appreciation occurs in such Book Value, 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. Notwithstanding anything in this subsection 15(d) to the contrary, the Committee may not take any action to the extent that such action would result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

(2) A Participant's Participation Share or Dividend Share which has had its ability to generate additional Dividend Shares limited or eliminated and for which the Book Value is fixed pursuant to subsection 15(d)(1)(i) of the Plan shall be credited with interest equal to the product of (i) the number of Interest Credits (determined pursuant to subsection 15(d)(3) below) credited to such Participant's Account as of the Maturity Date and (ii) the Book Value at which such Participation Share or Dividend Share has been fixed.

(3) The number of Interest Credits to be credited to a Participant's Account for each fiscal quarter of the Corporation ending after the date as of which the Book Value of such Participant's Participation Shares or Dividend Shares is fixed shall be determined as follows. 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) shall be multiplied by the total of the Participation Shares, Dividend Shares and Interest Credits 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. The quotient shall represent the number of full and fractional Interest Credits credited to such Participant's Account for that quarter.

(e) No Segregation of Cash or Stock. The Accounts established for Participants are merely a bookkeeping convenience and neither the Corporation nor its Affiliates 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 Affiliates, 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 Affiliates 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 Affiliates shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation or its Affiliates.

(f) Inalienability of Benefits and Interest. Except as provided in subsections 8(e) and 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, interpretation, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Delaware.

(h) Election to Defer Receipt.

(1) A Participant may, with the consent of the Committee, elect to defer the receipt of all or any portion of amounts which may otherwise become payable under subsection 7(c). A Participant's receipt of any portion of the amount payable with respect to one or more outstanding Participation Share awards shall be deferred if, prior to the Maturity Date of any such award, or if earlier, such Participant's termination of employment, such Participant irrevocably elects such deferral by written notice to the Committee signed by the Participant and delivered to the Committee, and the Committee consents to such deferral. Such notice must clearly specify the manner of distribution described in paragraph (2) below which shall apply with respect to such deferred amounts. 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). Notwithstanding the foregoing, with the consent of the Committee, an election made prior to January 1, 1999 pursuant to this paragraph may be irrevocably modified by a Participant prior to the earlier of (i) January 1, 1999, (ii) such Participant's termination of employment or (iii) the payment of the first installment pursuant to subsection 15(h)(2) below.

(2) Amounts deferred pursuant to this subsection 15(h) shall be distributed in accordance with clause (i), (ii), or (iii), below, as elected by the Participant: (i) up to 20 annual installments commencing in the year after the termination of employment by reason of retirement; (ii) up to five annual installments, commencing 13 months after the Participant's repatriation to his home country following a foreign assignment; or (iii) up to five annual installments, commencing as of a date requested by the Participant; provided, however, that such date shall not be more than 20 years after the Maturity Date. The amount of each installment under clause (i), (ii) or (iii) above shall be equal to the product of the amount which has not been distributed immediately prior to such installment and a fraction, the numerator of which is one and the denominator of which is the number of installments yet to be paid.

(3) (i) Notwithstanding any other provision of this Plan to the contrary, deferred amounts shall be paid in one lump sum as soon as practicable after the death of the Participant or the termination of employment of the Participant with the Corporation for reasons other than Retirement or Total and Permanent Disability; however, if a Participant is or has been on foreign assignment in the 12 months immediately prior to the date of his termination of employment, and if the termination of employment is for any reason other than Retirement or Total and Permanent Disability, any remaining amounts shall be paid in one lump sum 13 months following the

earlier of (A) the date of the Participant's repatriation to his home country following the foreign assignment or (B) the date of such termination of employment.

(ii) Upon written application by a Participant or his legal representative stating that severe financial hardship will result from continued deferral, the Committee in its sole discretion may authorize payment of such Participant's deferred amounts prior to the date specified in the written notice described in subparagraph (h)(1) above. For purposes of this Plan, a "severe financial hardship" is an unanticipated emergency that is caused by an event beyond the control of the Participant 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 a severe financial hardship. For purposes of this Plan, a "severe financial hardship" 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. A Participant must provide the Committee with substantiation of any such claim of severe financial hardship.

(4) Amounts deferred hereunder shall be credited with interest, compounded quarterly, from the date such amount otherwise would have been paid at a rate yielding interest equivalent to the per annum market discount rate for six-month U.S. Treasury Bills as published by the Federal Reserve Board for the seven calendar days prior to January 1 (for interest to be credited for the subsequent fiscal quarters ending March 31 and June 30) and prior to July 1 (for interest to be credited for the subsequent fiscal quarters ending on September 30 and December 31).

(i) Purchase of Common Stock. The Corporation and its Affiliates 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 Affiliates 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.

(j) 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.

(k) Withholding. The Committee shall 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. A Participant may elect to have any portion of the federal, state or local income tax withholding required with respect to an exercise of a Nonqualified Stock Option satisfied by tendering to the Corporation shares of Common Stock, which, in the absence of such an election, would have been issued to such Participant in connection with such exercise. In the event that the value of the shares of Common Stock tendered to satisfy the withholding tax required with respect to an exercise exceeds the amount of such tax, the excess of such market value over the amount of such tax shall be returned to the Participant, to the extent possible, in whole shares of Common Stock, and the remainder in cash. The value of a share of Common Stock tendered pursuant to this subsection 15(k) shall be the Fair Market Value of the Common Stock on the date on which such shares are tendered to the Corporation. An election pursuant to this subsection 15(k) shall be made in writing and signed by the Participant. An election pursuant to this

subsection 15(k) is irrevocable. A Participant who exercises an option may satisfy the income tax withholding due in respect of such exercise pursuant to this subsection 15(k) only to meet required tax withholding. Shares of Common Stock cannot be withheld in excess of the minimum number required for tax withholding.

(1) Amendments. The Committee may at any time amend, suspend, or discontinue the Plan or alter or amend any or all Awards and Award Agreements under the Plan to the extent (1) permitted by law, (2) permitted by the rules of any stock exchange on which the Common Stock or any other security of the Corporation is listed, (3) permitted under applicable provisions of the Securities Act of 1933, as amended, the Exchange Act (including rule 16b-3 thereof) and (4) that such action would not result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section (including the rules and regulations promulgated thereunder); provided, however, that if any of the foregoing requires the approval by stockholders of any such amendment, suspension or discontinuance, then the Committee may take such action subject to the approval of the stockholders. Except as provided in subsections 8(i) and 15(d) 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.

KIMBERLY-CLARK CORPORATION
DEFERRED COMPENSATION PLAN

EFFECTIVE AS OF OCTOBER 1, 1994

AMENDED AND RESTATED
AS OF NOVEMBER 14, 2000

KIMBERLY-CLARK CORPORATION
DEFERRED COMPENSATION PLAN

KIMBERLY-CLARK CORPORATION HEREBY AMENDS AND RESTATES IN ITS ENTIRETY, THE KIMBERLY-CLARK CORPORATION DEFERRED COMPENSATION PLAN, EFFECTIVE NOVEMBER 14, 2000.

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 or her 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 or any successor 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 2006. For purposes of 1994, Deferral Year means the Effective Date of the Plan through December 31, 1994. 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.
- 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 "Investment Grade" means a bond rating of BBB minus, or its equivalent, by one of the nationally recognized rating agencies.
- 2.16 "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.
- 2.17 "Plan" means the Kimberly-Clark Corporation Deferred Compensation Plan as amended from time to time.
- 2.18 "Retirement Date" means the date of Termination of Service of the Participant on or after he or she attains age 55 and has 5 Years of Service with the Company.
- 2.19 "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 Company Incentive Investment Plan or pre-tax contributions under the Company's Flexible Benefit Plan." For purposes of this Plan, Salary shall not include severance or other payments made in connection with a Participant's Termination of Service.

- 2.20 "Termination of Service" means the Participant's cessation of his or her service with the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of retirement, death, or Disability.
- 2.21 "Valuation Date" means, for purposes of crediting earnings under Section 3.6 and determining a Participant's Deferred Benefit Account under Section 3.7, any business day on which securities are traded on the New York Stock Exchange.
- 2.22 "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 the

Chief Executive Officer, elected officers and all eligible officers and/or employees of the Company, approved to participate by the Chief Executive Officer in his sole discretion, and who elect to participate in the Plan. A Participant must file an Agreement with the Committee, at such time and in such form as the Committee may require or permit, 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. A

Participant may elect to defer any amount of his or her 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 Participant may elect to defer from 10% to 100% of his or her Bonus paid during a Deferral Year in 1% increments.

In the event a Participant elects to defer an amount of his or her Salary and/or Bonus that would not allow for the full payment of all FICA, federal, state and/or local income tax liabilities, the Company may withhold all or a portion of any applicable taxes from the Participant's Salary to the extent required by law.

In no event may the amount of a Participant's deferral election related to his or her Bonus paid during a Deferral Year be less than \$5,000. The deferral opportunity shall extend through December 31, 2006. 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.

Notwithstanding anything in this Plan to the contrary, a Participant may not elect to defer any amount under this Plan unless the Participant files a statement with the Committee that the Participant had individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current 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. An individual who is hired into a position

which satisfies the requirements of a 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 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 or her Beneficiary, determines in its sole discretion, that the Participant or his or her Beneficiary has suffered an unforeseeable financial emergency, the Company shall pay to the Participant or his or her 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

Valuation Date the designated Deferred Benefit Account of each Participant shall be capable of being valued and adjusted to preserve for each Participant his or her proportionate interest in the related funds as if such account 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 Valuation Date the Deferred Benefit Account of each Participant shall be capable of being 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. The effect of such transactions shall be 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 or her 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 Valuation Date shall be calculated, in a manner determined by the Committee in accordance with generally accepted valuation principles applied on a consistent basis, as follows: the beginning balance of each Participant's Deferred Benefit Account; less distributions

payable pursuant to Section 4.11 as of the Valuation Date coincident with the Determination Date set forth in Section 4.11 or, if none, the Valuation Date immediately following such Determination Date; plus investment earnings, gains and losses

determined pursuant to Section 3.6 credited to each Participant's Deferred Benefit Account; plus Participant deferrals credited

to each Participant's Deferred Benefit Account pursuant to Section 3.3.

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. Participants, retired Participants, and Beneficiaries shall allocate their Deferred Benefit Account among the deemed investment options by making an election online or filing an election with the Committee at such time and in such form as the Committee may require or permit. A Participant, retired Participant or Beneficiary may elect to allocate his or her Deferred Benefit Account in 1% increments (minimum of 5% per investment option), among as many of the investment options which are offered by the Company. 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. Prior to January 1, 2001, a Participant may elect -----
to reallocate all or any whole percentage portion of his Deferred Benefit Account effective as of the last Valuation Date of any calendar month.

Effective January 1, 2001, a Participant may elect as of any day on which securities are traded on the New York Stock Exchange to change the manner in which his or her Deferred Benefit Account and his or her future deferrals are deemed invested among the available investment fund options. Any change of investment allocation received will be effective as of the close of business on that business day if received by 3:00 p.m. Central Time (or, if earlier, the closing time of the New York Stock Exchange or such other time and under such other conditions as may be imposed by the recordkeeper or the Committee under the Company Incentive Investment Plan). The determination of a Participant's having timely elected a change of investment allocation shall be made under the same terms and conditions as are applicable to "Timely Notice" of elections to reallocate under the terms of the Company Incentive Investment Plan.

3.10 Vesting of Deferred Benefit Account. A Participant shall be 100 -----
percent vested in his or her Deferred Benefit Account equal to the amount of Salary and Bonus he or she 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 or she may elect to receive a return of his or her 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, which shall be no less than five (5) Deferral Years following the year in which the deferral was originally made, 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 or her 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 or she shall be entitled to receive the amount of his or her 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 or her Retirement Date, for reasons other
than death or Disability, the Company shall pay to the Participant,
a benefit equal to his or her 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 Benefit. 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 or her Retirement Date, a disabled
Participant shall receive his or her 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 prior to December 31 of the
calendar year preceding the Participant's Retirement Date.
The Committee may, in its sole and absolute discretion, grant
the Participant's request. If, upon a Participant's Retirement
Date, the balance of a Participant's Deferred Benefit
Account is less than \$25,000, the Participant will be paid his
or her Deferred Benefit Account balance as of the Participant's
Retirement Date, in a final lump sum payment.
- (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 sole 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 sole 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 twenty (20) calendar years. In addition, if, at the time a Participant is scheduled to receive an installment payment, the balance of his or her Deferred Benefit Account is less than \$5,000, the Participant will be paid his or her remaining Deferred Benefit Account balance in a final lump sum payment.

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 sole 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 or her 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 or her 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 or disabled Participant's or Beneficiary's Deferred Benefit Account shall be permanently forfeited and shall not be paid to, or in respect of, the retired or disabled 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 or her 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 Determination Date after receipt of notice by the Committee of an event which entitles a Participant or a Beneficiary to payments under this Plan.

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 or her 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 or her claim, he or she 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 or herself.

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, disabled 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 or her 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.

VII. 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,
disabled 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, disabled Participant, or the Beneficiary are indebted or obligated to the Company, then the payments remaining to be made to the Participant, retired Participant, disabled Participant, or the Beneficiary may, at the sole 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 or her 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.

KIMBERLY-CLARK CORPORATION
RETIREMENT CONTRIBUTION EXCESS BENEFIT PROGRAM

AMENDED AND RESTATED EFFECTIVE JUNE 29, 2000

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

ARTICLE 1

Definitions

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

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

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

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

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

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

1.5 "Earnings" means remuneration when paid, or would have been paid but for an Employee's deferral election, to a Participant from a Participating Unit for personal services rendered to such Participating Unit (before any withholding required by law or authorized by the person to whom such remuneration is payable), including overtime, bonuses, incentive compensation, vacation pay, deducted military pay, state disability payments received, workers compensation payments received and, to the extent such deductions decrease the individual's base pay, Before-Tax deferrals under the Kimberly-Clark Corporation Salaried Employee Incentive Investment Plan, contributions under the Kimberly-Clark Corporation Flexible Benefits Plan or any other plan described under Section 125 of the Code, and deferrals under the Kimberly-Clark Corporation Deferred Compensation Plan. Earnings shall exclude any severance payments (except as provided in Section 4.3 of the RCP), payments made under the Kimberly-Clark Corporation Equity Participation Plans, pay in lieu of vacation, compensation paid in a form other than cash (such as goods, services and, except as otherwise provided herein, contributions to employee benefit programs), service or suggestion awards, and all other special or unusual compensation of any kind; provided, however that the limitations on Earnings provided for pursuant to Code Sections 401(a)(17) shall not apply under this Program. Notwithstanding the foregoing, Earnings shall not include any remuneration paid to a Participant after payment of such individual's Individual Account commences in accordance with Section 4.9 following the Participant's Termination of Service.

1.6 "Effective Date" means January 1, 1997.

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

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

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

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

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

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

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

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

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

ARTICLE 2

Eligibility

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

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

ARTICLE 3

Individual Account

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

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

the last business day of each calendar month; provided, however, the Committee may change this crediting rating at any time for deemed interest not yet credited to an Individual Account.

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

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

3.5 After June 30, 1997 and before June 29, 2000, the Corporation shall credit each Participant's Individual Account with earnings, gains and losses as if such accounts held actual assets and such assets were invested among such Investment Funds, in the same proportion as the Participant has invested in the RCP; provided, however, that if such Participant has no account balance under the RCP, the Participant may make separate investment elections hereunder in the manner prescribed by the Committee. Effective June 29, 2000, the Corporation shall credit each Participant's Individual Account with earnings, gains and losses as if such accounts were invested among the

Investment Funds according to the Participant's elections under this Program, independent of the Participant's elections under the RCP, provided that (i) such Participant's elections under this Program shall be made in the same or similar manner prescribed by the Committee for the RCP, and (ii) such Participant's elections under the RCP as of June 29, 2000 shall be carried over to this Program until such time as the Participant changes them hereunder.

ARTICLE 4

Distributions of Benefit Supplement

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

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

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

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

4.4 Form of Benefit Payment.

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

(b) In the event that a Participant retires as described in Section 4.1, 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 sole discretion, grant the Participant's request.

(c) In the event of the death of the Participant, the Participant's Beneficiary may, with the consent of the Committee, elect an installment form of 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 sole discretion, grant such Beneficiary's request.

(d) In the event that installment payments are to be made pursuant to Subsections 4.4(b) or (c), such payments shall be in annual installments, payable on a monthly basis. Such annual installments shall be payable using a declining balance method over a period, no less than two (2) calendar years and no more than twenty (20) calendar years.

Initially, the amount of any installments under the installment form of payment described in this Subsection 4.4(d) shall be equal to the balance of the Participant's Individual Account to be distributed divided by the number of annual 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 Individual Account due to fluctuations in earnings, gains and losses on the remaining balance and the number of remaining annual installments. Monthly installment payments will be made on the last business day of each calendar month.

4.5 Limitations on the Annual Amount Paid to a Participant.

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

4.6 Change of Control and Lump Sum Payments

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

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

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

4.7 Change in Credit Rating and Lump Sum Payments.

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

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

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

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

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

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

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

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

ARTICLE 5

Vesting

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

5.2 K-C Aviation Benefit. Notwithstanding any other provision of the

Plan, a Participant shall be fully vested in his Individual Account as of the date on which he ceases to be an Eligible Employee under the Program, if such Participant meets all of the following conditions:

- (a) immediately prior to the Closing Date, as defined in the Agreement of Purchase and Sale dated as of July 23, 1998 by and between the Corporation and Gulfstream Aerospace Corporation (the "Agreement"), he must have been an Employee employed by the Corporation or K-C Aviation Inc.; and
- (b) as of the Closing Date, as defined in the Agreement, he must have ceased to be an Eligible Employee solely on account of the sale of the stock of K-C Aviation Inc. pursuant to the Agreement, and he must either (i) be employed by the Buyer, as defined in the Agreement, immediately after he ceases to be an Eligible Employee hereunder, or (ii) have been on a long-term disability leave of absence from K-C Aviation Inc. as of the Closing Date, as defined in the Agreement.

ARTICLE 6

Funding

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

ARTICLE 7

Administration

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

ARTICLE 8

Amendment and Termination

8.1 The Corporation, by action of the Board, or the Compensation Committee as designated by the Board, shall have the right at any time to amend this Program in any respect, or to terminate this Program; provided, however, that no such amendment or termination shall operate to reduce the benefit that has

accrued for any Participant who is participating in the Program nor the payment due to a terminated Participant at the time the amendment or termination is adopted. Continuance of the Program is completely voluntary and is not assumed as a contractual obligation of the Corporation. Notwithstanding the foregoing, this Program shall terminate when the RCP terminates.

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

(a) is required by law, or

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

Any action taken by the Board, the Compensation Committee as designated by the Board, or Committee shall be made by or pursuant to a resolution duly adopted by the Board, the Compensation Committee as designated by the Board, or

Committee and shall be evidenced by such resolution or by a written instrument executed by such persons as the Board, the Compensation Committee as

designated by the Board, or Committee shall authorize for such purpose.

The Committee shall report to the Chief Executive Officer of the Corporation

before January 31 of each year all action taken by it hereunder during the preceding calendar year.

ARTICLE 9

Miscellaneous -----

9.1 Nothing contained herein (a) shall be deemed to exclude a Participant from any compensation, bonus, pension, insurance, termination pay or other benefit to which he otherwise is or might become entitled to as an Employee or (b) shall be construed as conferring upon an Employee the right to continue in the employ of the Corporation as an executive or in any other capacity; provided, however, that if, at the time payments or installments of payments are to be made hereunder, the Participant or the Beneficiary are indebted or obligated to the Corporation, then the payments remaining to be made to the Participant or the Beneficiary may, at the discretion of the Corporation, be reduced by the amount of such indebtedness or obligation, provided, however, that an election by the Corporation not to reduce any such payment or payments shall not constitute a waiver of its claim for such indebtedness or obligation.

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

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

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

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

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

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

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

KIMBERLY-CLARK CORPORATION
1999 RESTRICTED STOCK PLAN
(AMENDED AS OF NOVEMBER 14, 2000)

1. PURPOSE

This Restricted Stock Plan (the "Plan") of Kimberly-Clark Corporation (the "Corporation") is intended to aid in 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 an Affiliate, to acquire an ownership interest in the Corporation, and to provide such employees with this incentive and reward opportunity and thereby increase their motivation to continue to make such contributions in the future.

2. EFFECTIVE DATE

The Plan is effective as of January 1, 1999.

3. DEFINITIONS

"Affiliate" means any company in which the Corporation owns 20% or more

of the equity interest (collectively, the Affiliates").

"Award" has the meaning set forth in section 6 of this Plan.

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

"Cause" means any of the following: (i) the commission by the

Participant of a felony; (ii) the Participant's dishonesty, habitual neglect or incompetence in the management of the affairs of the Corporation; or (iii) the refusal or failure by the Participant to act in accordance with any lawful directive or order of the Corporation, or an act or failure to act by the Participant which is in bad faith and which is detrimental to the Corporation.

"Change of Control" means an event 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, acquires shares of the Corporation having 20% or more of the total number of votes that may be cast for the election of Directors of the Corporation; or (ii) as the result of any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or any successor to the Corporation.

"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, if any, 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 a "Non-Employee Director"

for purposes of rule 16b-3 under the Exchange Act, or any successor provision, and who is also an "outside director" for purposes of section 162(m) of the Code or any successor section.

"Exchange Act" means the Securities Exchange Act of 1934 and the rules

and 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.

"Participant" means an employee who the Committee selects to participate

in and receive Awards under the Plan (collectively, the "Participants").

"Qualified Termination of Employment" means the termination of a

Participant's employment with the Corporation and/or its Affiliates within the two (2) year period following a Change of Control of the Corporation for any reason (whether voluntary or involuntary) unless such termination is by reason of death or disability or unless such termination is (i) by the Corporation for Cause or (ii) by the Participant without Good Reason. Subject to the definition of "Termination by the Participant for Good Reason," transfers of employment for administrative purposes among the Corporation and its Affiliates shall not be deemed a Qualified Termination of employment.

"Restricted Period" shall mean the period of time during which the

Transferability Restrictions applicable to Awards will be in force.

"Restricted Share" shall mean a share of Common Stock which may not be

traded or sold, until the date the Transferability Restrictions expire.

"Restricted Share Unit" means the right, as described in section 8, to

receive an amount, payable in either cash or shares of Common Stock, equal to the value of a specified number of shares of Common Stock. No certificates shall be issued with respect to such Restricted Share Unit, except as provided in subsection 8(d), and the Corporation shall maintain a bookkeeping account in the name of the Participant to which the Restricted Share Unit shall relate.

"Termination by the Participant for Good Reason" shall mean the

occurrence (without the Participant's express written consent) of any one of the following acts by the Corporation, or failures by the Corporation to act, unless, in the case of any act or failure to act described below, such act or failure to act is corrected prior to the Participant's termination date:

(i) the assignment to the Participant of any duties inconsistent with the Participant's status with the corporation or a substantial adverse alteration in the nature or status of the Participant's responsibilities from those in effect immediately prior to the Change of Control other than such alteration primarily attributable to the fact that the Corporation may no longer be a public company;

(ii) a reduction by the Corporation of the Participant's annual base salary by five percent or more as in effect immediately prior to the Change of Control, except for across-the-board salary reductions similarly affecting all similarly situated employees of the Corporation;

(iii) the Corporation requiring the Participant to be based at a location more than 50 miles from the location of the Participant's office as of the date of the Change of Control except for required travel on the Corporation's business to an extent substantially consistent with the Participant's business travel obligations as of the date of the Change of Control;

(iv) the failure of the Corporation to pay as soon as administratively feasible, after notice from the Participant, any portion of the Participant's current compensation;

(v) the failure of the Corporation to continue in effect any compensation plan in which the Participant participates immediately prior to the Change of Control which is material to the Participant's total compensation, including but not limited to the Corporation's stock option, incentive compensation, and bonus plans, or any substitute plans adopted prior to the Change of Control, unless an equitable arrangement (which is embodied in an ongoing substitute or alternative plan but which need not provide the Participant with equity-based incentives) has been made with respect to such plan, or the failure by the Corporation to continue the Participant's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable than the benefits provided to other participants; or

(vi) the failure by the Corporation to continue to provide the Participant with benefits substantially similar to those enjoyed by the Participant under any of the Corporation's pension, life insurance, medical, health and accident, or disability plans in which the Participant was participating at the time of the Change of Control, the taking of any action by the Corporation which would directly or indirectly materially reduce any of such benefits or deprive the Participant of any material fringe benefit enjoyed by the Participant at the time of the Change of Control, or the failure by the Corporation to provide the Participant with the number of paid vacation days to which the Participant is entitled on the basis of years of service with the Corporation in accordance with the Corporation's normal vacation policy in effect at the time of the Change of Control.

The Participant's right to terminate the Participant's employment for Good Reason shall not be affected by the Participant's incapacity due to physical or mental illness. The Participant's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Total and Permanent Disability" means Totally and Permanently Disabled

as defined in the Kimberly-Clark Corporation Salaried Employees' Retirement Plan.

"Transferability Restrictions" means the restrictions on transferability

imposed on Awards of Restricted Shares or Restricted Share Units.

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. Any interpretation or construction of any provisions of this Plan 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.

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, the selection of officers and directors for participation and decisions concerning the timing, pricing and amount of a grant or Award 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 all 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 Affiliate, or to have in the past so contributed, and it is desired to motivate them to continue to make such contributions in the future. Only employees (including officers and directors who are employees) of the Corporation and its Affiliates are eligible to participate in the Plan.

6. FORMS OF AWARDS

All Awards under the Plan shall be made in the form of Restricted Shares or Restricted Share Units. The Committee may make Awards solely in Restricted Shares or Restricted Share Units, or in any combination of the two. Notwithstanding anything in this Plan to the contrary, any Restricted Shares shall contain the restriction on assignability in subsection 14(f) of this Plan to the extent required under rule 16b-3 of the Exchange Act.

7. RESTRICTED SHARES

The Committee may from time to time designate those Participants who shall receive Restricted Share Awards. Each grant of Restricted Shares under the Plan shall be evidenced by an agreement which shall be executed by the Corporation and the Grantee. The agreement shall contain such terms and conditions, not inconsistent with the Plan, as shall be determined by the Committee and shall indicate the number of Restricted Shares awarded and the following terms and conditions of the award.

(a) Grant of Restricted Shares. The Committee shall determine the number of Restricted Shares to be included in the grant and the period or periods during which the Transferability Restrictions applicable to the Restricted Shares will be in force (the "Restricted Period"). The Restricted Period shall be for a minimum of three years and shall not exceed ten years from the date of grants, as determined by the Committee at the time of grant. The Restricted Period may be the same for all Restricted Shares granted at a particular time or to any one Grantee or may be different with respect to different Grantees or with respect to various of the Restricted Shares granted to the same Grantee, all as determined by the Committee at the time of grant.

(b) Transferability Restrictions. During the Restricted Period, Restricted Shares may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or otherwise encumbered. Furthermore, a Grantee's right, if any, to receive Shares upon termination of the Restricted Period may not be assigned or transferred except by will or by the laws of descent and distribution. In order to enforce the limitations imposed upon the Restricted Shares the Committee may (i) cause a legend or legends to be placed on any such certificates, and/or (ii) issue "stop transfer" instructions as it deems necessary or appropriate. Holders of Restricted Shares limited as to sale under this subsection 7(b) shall have rights as a shareholder with respect to such shares to receive dividends in cash or other property or other distribution or rights in respect of such shares, and to vote such shares as the record owner thereof. With respect to each grant of Restricted Shares, the Committee shall determine the Transferability Restrictions which will apply to the Restricted Shares for all or part of the Restricted Period. By way of illustration but not by way of limitation, the Committee may provide (i) that the Grantee will not be entitled to receive any Shares unless he or she is still employed by the Corporation or its Subsidiaries at the end of the Restricted Period, (ii) that the Grantee will become vested in Restricted Shares according to a schedule determined by the Committee, or under other terms and conditions determined by the Committee, and (iii) how any Transferability Restrictions will be applied, modified or accelerated in the case of the Grantee's death or Total and Permanent Disability.

(c) Manner of Holding and Delivering Restricted Shares. Each certificate issued for Restricted Shares shall be registered in the name of the Grantee and deposited with the Corporation or its designee. These certificates shall remain in the possession of the Corporation or its designee until the end of the applicable Restricted Period or, if the Committee has provided for earlier termination of the Transferability Restrictions following a Grantee's death, Total and Permanent Disability or earlier vesting of the Shares, such earlier termination of the Transferability Restrictions. At whichever time is applicable, certificates representing the number of Shares to which the Grantee is then entitled shall be delivered to the Grantee free and clear of the Transferability Restrictions; provided that in the case of a Grantee who is not entitled to receive the full number of Shares evidenced by the certificates then being released from escrow because of the application of the Transferability Restrictions, those certificates shall be returned to the Corporation and canceled and a new certificate representing the Shares, if any, to which the Grantee is entitled pursuant to the Transferability Restrictions shall be issued and delivered to the Grantee, free and clear of the Transferability Restrictions.

8. RESTRICTED SHARE UNITS

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

(a) Restricted Share Units may be granted to Participants as of the first day of a Restricted Period. The number of Restricted Share Units to be granted to each Participant and the Restricted Period shall be determined by the Committee in its sole discretion.

(b) Transferability Restrictions. With respect to each grant of Restricted Share Units, the Committee shall determine the Transferability Restrictions which will apply to the Restricted Share Units for all or part of the Restricted Period. By way of illustration but not by way of limitation, the Committee may provide (i) that the Grantee will forfeit any Restricted Share Units unless he or she is still employed by the Corporation or its Subsidiaries at the end of the Restricted Period, (ii) that the Grantee will become vested in Restricted Share Units according to a schedule determined by the Committee, or under other terms and conditions determined by the Committee, and (iii) how any Transferability Restrictions will be applied, modified or accelerated in the case of the Grantee's death or Total and Permanent Disability.

(c) During the Restricted Period, Participants will be credited with dividends, equivalent in value to those declared and paid on shares of Common Stock, on all Restricted Share Units granted to them. These dividends will be regarded as having been reinvested in Restricted Share Units on the date of the Common Stock dividend payments based on the then Fair Market Value of the Common Stock thereby increasing the number of Restricted Share Units held by a Participant. Holders of Restricted Share Units under this subsection 8(c) shall have none of the rights of a shareholder with respect to such shares. Holders of Restricted Share Units are not entitled to receive dividends in cash or other property, nor other distribution of rights in respect of such shares, nor to vote such shares as the record owner thereof.

(d) Payment of Restricted Share Units. The payment of Restricted Share Units shall be made in cash or shares of Common Stock, or a combination of both, as determined by the Committee at the time of grant. The payment of Restricted Share Units shall be made within 90 days following the end of the Restricted Period.

9. LEAVES OF ABSENCE AND OTHER TERMINATIONS

(a) In the event the Participant's employment with the Corporation or an Affiliate is terminated by reason of a shutdown or divestiture of all or a portion of the Corporation's or its Affiliate's business, a proportion of the Restricted Share or Restricted Share Unit Award shall be considered to vest as of the close of the fiscal year of the Participant's termination of employment. The number of shares that shall vest shall be prorated for the number of full years of employment during the Restricted Period prior to the Participant's termination of employment.

(b) In the event of a Qualified Termination of Employment of a Participant, all of the Restricted Shares or Restricted Share Unit Awards shall be considered to vest immediately.

(c) An authorized leave of absence, or qualified military leave in accordance with section 414(u) of the Code, shall not be deemed to be a termination of employment for purposes of the Plan. A termination of employment with the Corporation or an Affiliate to accept immediate reemployment with the Corporation or an Affiliate 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 2,500,000 in the aggregate, subject to the adjustment provision set forth in section 11 hereof. The shares of Common Stock subject to the Plan shall consist only of treasury shares. Restricted Share Units which are retired through forfeiture or maturity, other than those Restricted Share Units which are retired through the payment of Common Stock, and Restricted Shares which are forfeited during the Restricted Period due to any applicable Transferability Restrictions will be available for Awards under the Plan to the extent permitted by section 16 of the Exchange Act (or the rules and regulations promulgated thereunder) and to the extent determined appropriate by the Committee. Shares of Common Stock which are distributed through the payment of Restricted Share Units pursuant to subsection 8(d) will not be available for Awards under the Plan.

11. CHANGES IN CAPITALIZATION

In the event there are any changes in the Common Stock or the capitalization of the Corporation through a corporate transaction, such as any merger, any acquisition through the issuance of capital stock of the Corporation, any consolidation, any separation of the Corporation (including a spin-off or other distribution of stock of the Corporation), any reorganization of the Corporation (whether or not such reorganization comes within the definition of such term in section 368 of the Code), or any partial or complete liquidation by the Corporation, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes shall be made by the Committee, to the extent necessary to preserve the benefit to the Participant contemplated hereby, to reflect such changes in (a) the aggregate number of shares subject to the Plan, (b) the maximum number of shares subject to the Plan, (c) the number of Restricted Shares and Restricted Share Units awarded to Participants, and (d) such other provisions of the Plan as may be necessary and equitable to carry out the foregoing 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 an Affiliate. 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 an Affiliate on behalf of employees.

13. TERM OF THE PLAN

The term of the Plan shall be four years, beginning January 1, 1999, and ending December 31, 2002, unless the Plan is terminated prior thereto by the Committee. No Restricted Shares or Restricted Share Units may be awarded after the termination date of the Plan, but Restricted Shares and Restricted Share Units 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 Restricted Shares and Restricted Share Units under the Plan may designate a beneficiary or beneficiaries with the Committee; 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, its Affiliates, the Board of Directors of the Corporation or its Affiliates, 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 Affiliates, and the Corporation and its Affiliates expressly reserve the right to discharge any Participant without liability to the Corporation, its Affiliates, the Board of Directors of the Corporation or its Affiliates or the Committee, except as to any rights which may be expressly conferred upon a Participant under the Plan.

(c) Binding Effect. 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 conclusive and binding upon all persons.

(d) Modification of Awards. The Committee may in its sole and absolute discretion, by written notice to a Participant, accelerate the Restricted Period with respect to the Awards granted under this Plan. In the case of any Award granted to a Participant who is not a resident of the United States or who is employed by an Affiliate other than an Affiliate that is incorporated, or whose place of business is, in a State of the United States, the Committee may (i) determine which Participants, countries and Affiliates are eligible to participate in the Plan, (ii) modify the terms and conditions of any Awards granted to Participants who are employed outside the United States, (iii) establish subplans, each of which shall be attached as an appendix hereto, modify Award exercise procedures and other terms and procedures to the extent such actions may be necessary or advisable, and (iv) take any action, either before or after the Award is made, which it deems advisable to obtain approval of such Award 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) increase the number of securities which may be issued under the Plan, or (3) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Exchange Act or the Code.

(e) No Segregation of Cash or Stock. The Restricted Share Unit accounts established for Participants are merely a bookkeeping convenience and neither the Corporation nor its Affiliates 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 Affiliates, 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 Affiliates 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 Affiliates shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation or its Affiliates.

(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, interpretation, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Delaware.

(h) Purchase of Common Stock. The Corporation and its Affiliates 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 Affiliates 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.

(i) Withholding. The Committee shall require the withholding of all taxes as required by law. Notwithstanding any other provision of the Plan, the number of shares of Common Stock or the amount of cash to be delivered may, in the discretion of the Corporation, be net of the number of shares of Common Stock or the amount of cash required to be withheld to meet all applicable tax withholding requirements.

(j) Amendments. The Committee may at any time amend, suspend, or discontinue the Plan or alter or amend any or all Awards under the Plan to the extent (1) permitted by law, (2) permitted by the rules of any stock exchange on which the Common Stock or any other security of the Corporation is listed, (3) permitted under applicable provisions of the Securities Act of 1933, as amended, the Exchange Act (including rule 16b-3 thereof) and (4) that such action would not result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section (including the rules and regulations promulgated thereunder); provided, however, that if any of the foregoing requires the approval by stockholders of any such amendment, suspension or discontinuance, then the Committee may take such action subject to the approval of the stockholders. Except as provided in subsection 14(d) 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.

KIMBERLY-CLARK CORPORATION
OUTSIDE DIRECTORS'
STOCK OPTION PLAN
(EFFECTIVE JANUARY 1, 2001)

1. INTRODUCTION

The Kimberly-Clark Corporation Outside Directors' Stock Option Plan (the "Plan") specifies the compensation to be paid by Kimberly-Clark Corporation (the "Company") in the form of options to purchase shares of common stock, par value \$1.25 per share, of the Company ("Stock") for services performed by Outside Directors (as hereinafter defined).

The Plan is intended to promote the interests of the Company and its stockholders by enhancing the Company's ability to attract, motivate and retain as Outside Directors persons of training, experience and ability, and to encourage the highest level of Outside Director performance by aligning the Outside Directors' economic interests more closely with those of the Company's stockholders.

2. DEFINITIONS

Unless otherwise defined in the text of the Plan, capitalized terms herein shall have the meanings set forth in this Section 2.

"Affiliate" means any company in which the Company owns 20 percent or more of the equity interest (collectively, the "Affiliates").

"Board" means the Board of Directors of the Company.

"Change of Control" means an event 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, acquires shares of the Company having 20 percent 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.

"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.

"Committee Rules" means the Committee Rules for the Kimberly-Clark Corporation 1992 Equity Participation Plan or any successor plan.

"Director" means a member of the Board.

"Effective Date" means January 1, 2001.

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

"Fair Market Value" means the reported closing price of the 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.

"Option" means a right to purchase a specified number of shares of Stock at a fixed option price equal to no less than 100 percent of the Fair Market Value of the Stock on the date the Option is granted. For purposes of this Plan, Options shall be issued either as "Annual Options," as described in subsection 7(a), or "Additional Options," as described in subsection 7(b).

"Outside Director" means a Director who is not on the date of grant of an Option pursuant to the Plan, or within one year prior to the date of such grant, an employee of the Company or any of its Affiliates.

"Retainer" means the annual retainer payable to an Outside Director for services rendered as a Director. As of the Effective Date, the amount of the cash portion of such Retainer shall be \$50,000 per year, payable in quarterly installments in advance.

"Rule 16b-3" means Rule 16b-3 under the Securities Exchange Act of 1934, as

amended.

"Retirement" and "Retires" means the termination of service as a Director on

or after the date the Director has attained age 55.

"Stock" means the shares of the Company's common stock, par value \$1.25 per

share.

3. PARTICIPATION

Participation in the Plan is limited to Outside Directors. It is intended that all Outside Directors will be participants in the Plan.

4. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Board, which shall have sole and complete discretion and authority with respect thereto, except as expressly limited by the Plan. All action taken by the Board in the administration and interpretation of the Plan shall be final and binding on all matters relating to the Plan. All questions of interpretation, administration and application of the Plan shall be determined by a majority of the members of the Board, except that the Board may authorize any Directors, officers or employees of the Company to assist the Board in the administration of the Plan and to execute documents on behalf of the Board. The Board also may delegate to the Compensation Committee of the Board, or such Directors, officers or employees, such other ministerial and discretionary duties as it sees fit.

The Company or the Board may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan, and may rely upon any advice or opinion received from any such counsel or consultant and any computation received from any such consultant or agent. No member of the Board shall be liable for any act done or omitted to be done by such member, or by any other member of the Board, in connection with the Plan, except for such member's own willful misconduct or as otherwise expressly provided by statute.

The Board shall have the power to promulgate 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 Option Agreements.

All expenses of administering the Plan shall be paid by the Company.

5. TERM OF PLAN

The Plan shall become effective as the Effective Date. The Plan shall remain in effect until December 31, 2011, unless the Plan is terminated prior thereto by the Board. No Option may be granted after the termination date of the Plan, but Options theretofore granted shall continue in force beyond that date pursuant to their terms.

6. SHARES SUBJECT TO THE PLAN; ADJUSTMENTS

(a) Shares Subject to the Plan. The aggregate maximum number of shares of Stock available for grant under the Plan shall be 1,000,000 shares, subject to the adjustment provision set forth in subsection 6(b) below. Shares of Stock subject to the Plan will be shares that were once issued and subsequently reacquired by the Company in the form of treasury stock. Shares subject to Options which become ineligible for purchase will be available for Options under the Plan to the extent permitted by section 16 of the Exchange Act (or the rules and regulations promulgated thereunder) and to the extent determined to be appropriate by the Board. Notwithstanding anything in this Plan to the contrary, each grant of Options under this Plan shall be subject to the availability of shares under this subsection 6(a).

(b) Adjustments. In the event there are any changes in the Stock or the capitalization of the Company through a corporate transaction, such as any merger, any acquisition through the issuance of capital stock of the Company, any consolidation, any separation of the Company (including a spin-off or other distribution of stock of the Company), any reorganization of the Company (whether or not such reorganization comes within the definition of such term in section 368 of the Code), or any partial or complete liquidation by the Company, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes shall be made by the Board, to the extent necessary to preserve the benefit to the Outside Director contemplated hereby, to reflect such changes in (a) the aggregate number of shares subject to the Plan, (b) the maximum number of shares for which an

Option may be granted or awarded to any Outside Director, (c) the number of shares and the Option Price per share of all shares of Stock subject to outstanding Options, and (d) such other provisions of the Plan as may be necessary and equitable to carry out the foregoing purposes, provided, however that no such adjustment or change may be made to the extent that such adjustment or change will result in the dilution or enlargement of any rights of any Outside Director.

7. TERMS OF THE GRANTS

(a) Annual Grant. As part of his or her annual Retainer each Outside Director during the calendar year shall be granted an Option to purchase 2,500 shares. In addition, each Outside Director who during the calendar year is designated to serve as the Chair of the Audit or Compensation Committee, or both, of the Board, shall be granted an Option to purchase an additional 300 shares for each Chair. Each Outside Director who during the calendar year is designated to serve as the Chair of the Nominating or Corporate Governance Committee, or both, of the Board, shall be granted an Option to purchase an additional 200 shares for each Chair. A grant of Options as payment of either the annual retainer or for each applicable Chair of a Committee are referred to herein as "Annual Options." Each Outside Director, and each Chair of the Audit, Compensation, Nominating or Corporate Governance Committees, as of January 1 of the calendar year, shall be automatically granted the Options hereunder, without further action by the Board or the stockholders of the Company, on the earlier of the date of the first regular meeting during the calendar year of either the Board or Committee. Each Outside Director who first becomes eligible for a grant after January 1 of the calendar year, and each Chair of the Audit, Compensation, Nominating or Corporate Governance Committee, who is appointed after January 1 of the calendar year, shall be automatically granted the Options hereunder, without further action by the Board or the stockholders of the Company, on the earlier of the date of the first regular meeting during the calendar year of either the Board or the Committee after the date such Outside Director first becomes eligible for the grant of Options under this subsection 7(a).

(b) Election of Additional Option. Each Outside Director may elect to receive the cash portion of his or her annual Retainer in the form of an additional option (hereinafter referred to as an "Additional Option"), in increments of 50 percent of such cash portion of the Retainer. Except as otherwise provided below, such election must be made prior to the date that services are rendered in the calendar year in which such Retainer otherwise would be paid and shall be irrevocable thereafter for such calendar year; provided, however, that an election by an Outside Director pursuant to this subsection for a calendar year (or portion thereof) shall be valid and effective for all purposes for all succeeding calendar years, unless and until such election is revoked or modified by such Outside Director prior to the date that services are rendered in such succeeding calendar year(s); and, provided further, that no such election, revocation or modification may be made within six months of another such election, revocation or modification if the exemption afforded by Rule 16b-3 would not be available as a result thereof.

Notwithstanding the preceding, an individual who is elected as an Outside Director during a calendar year shall be permitted to make an election to receive the cash portion of his or her annual Retainer in the form of an

Additional Option, in increments of 50 percent of such cash portion of the Retainer, during the thirty day period following his or her election date. An election under this paragraph shall be subject to the terms and conditions of this Section.

The number of shares subject to this Additional Option shall be based on 85 percent of the Black-Scholes valuation of the cash portion of the Retainer elected to be received as an Additional Option as of the date of grant. Each Outside Director as of January 1 of the calendar year, shall be automatically granted the Additional Options elected hereunder, without further action by the Board or the stockholders of the Company, on the earlier of the date of the first regular meeting during the calendar year of either the Board or the Committee. Each Outside Director who first becomes eligible for a grant after January 1 of the calendar year, shall be automatically granted the Additional Options elected hereunder, without further action by the Board or the stockholders of the Company, on the earlier of the date of the first regular meeting during the calendar year of either the Board or the Committee after the date such Outside Director first becomes eligible and elects the grant of Additional Options under this subsection 7(b).

(c) Form of Additional Option Election. An election by an Outside Director to receive some or all of the cash portion of his or her Retainer as an Additional Option shall (i) be in writing, (ii) be delivered to the Secretary of the Company, and (iii) be irrevocable in all respects with respect to the calendar year(s) to which the election relates. If no election has ever been made by the Outside Director pursuant to subsection 7(b) above, he or she shall be deemed to have made an election to receive the entire cash portion of the Retainer in cash.

(d) Option Agreement. After granting an Option to an Outside Director, the Board shall cause to be delivered to the Outside Director an agreement evidencing the granting of the Option. The agreement shall be in such form as the Board shall from time to time approve.

(e) Period of Option. The period of each Option shall be 10 years from the date it is granted.

(f) Option Price. The exercise price of an Option shall be the Fair Market Value of the Stock at the time the Option is granted.

(g) Limitations on Exercise. Each Option shall not be exercisable until at least one year has expired after the granting of the Option, during which time the Outside Director shall have been in the continuous service as a Director of the Company; provided, however, that the provisions of this subsection 7(g) shall not apply and all Options outstanding under the Plan shall be exercisable in full if a Change in Control occurs. One year after the date the Option was granted, the Outside Director may purchase the total number of shares covered by the Option; provided, however, that if the Director's service is terminated for any reason other than death, Retirement, a voluntary decision by the Director not to stand for reelection to the Board or total and permanent disability, the Option shall be exercisable only for the number of shares of Stock which were exercisable on the date of such termination. In no event, however, may an Option be exercised more than 10 years after the date of its grant.

(h) Exercise; Notice Thereof. Options shall be exercised by delivering to the Company, 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 Company or in shares of Common Stock transferable to the Company and having a Fair Market Value on the transfer date equal to the amount payable to the Company. The date of exercise shall be deemed to be the date the Company receives the written notice and payment for the shares being purchased. A Director shall have none of the rights of a stockholder with respect to shares covered by an Option until the Director becomes the record holder of such shares.

(i) Exercise after Death, Retirement, or Disability. If a Director dies, retires or becomes totally and permanently disabled, without having exercised an Option in full, the remaining portion of such Option may be exercised, without regard to the limitations in subsection 7(g), within the remaining period of the Option. Upon a Director's death, the Option may be exercised by the person or persons to whom such Director's rights under the Option shall pass by will or the laws of descent and distribution or, if no such person has such rights, by his executor or administrator.

(j) Non-transferability. During the Director's lifetime, Options shall be exercisable only by such Director. Options shall not be transferable other than by will or the laws of descent and distribution upon the Director's death. Notwithstanding anything in this subsection 7(j) to the contrary, Directors shall have the right to transfer Options, to the extent allowed under rule 16b-3 of the Exchange Act, subject to the same terms and conditions applicable to options granted to the Chief Executive Officer of the Company under Committee Rules.

(k) Purchase for Investment. It is contemplated that the Company will register shares sold to Directors pursuant to the Plan under the Securities Act of 1933. In the absence of an effective registration, however, a Director 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.

(l) Options for Nonresident Aliens. In the case of any Option awarded to a Director who is not a resident of the United States, the Board may (i) waive or alter the conditions set forth in subsections 7(a) through 7(k) 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) increase any benefits accruing to any Directors under the Plan, (2) increase the number of securities which may be issued under the Plan, (3) 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.

8. NOTICES; DELIVERY OF STOCK CERTIFICATES

Any notice required or permitted to be given by the Company or the Board pursuant to the Plan shall be deemed given when personally delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Outside Director at the last address shown for the Outside Director on the records of the Company.

9. AMENDMENT AND TERMINATION

The Board may at any time amend, suspend, or discontinue the Plan or alter or amend any or all Options and Option Agreements under the Plan to the extent (i) permitted by law, (ii) permitted by the rules of any stock exchange on which the Stock or any other security of the Company is listed, and (iii) permitted under applicable provisions of the Securities Act of 1933, as amended, the Exchange Act (including Rule 16b-3 thereof); provided, however, that if any of the foregoing requires the approval by the stockholders of any such amendment, suspension or discontinuance, then the Board may take such action subject to the approval of the stockholders. Except as provided in subsection 6(b), no such amendment, suspension or termination of the Plan shall, without the consent of the Director, adversely alter or change any of the rights or obligations under any Option granted to the Director. The Board may in its sole and absolute discretion, by written notice to a Director, (i) 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 (ii) limit or eliminate the number of shares subject to Option after a period ending at least three months following the date of such notice. Except as provided in subsection 7(1) and this Section 9, no such amendment, suspension, or termination of the Plan shall, without the consent of the Director, adversely alter or change any of the rights or obligations under any Options or other rights previously granted the Director under the Plan.

10. TAXES

The Company shall require the withholding of all taxes as required by law.

11. GOVERNING LAW

The terms of the Plan shall be governed, construed, administered and regulated in accordance with the laws of the state of Delaware and applicable federal law. In the event any provision of the Plan shall be determined to be illegal or invalid for any reason, the other provisions of the Plan shall continue in full force and effect as if such illegal or invalid provision had never been included herein.

12. DIRECTOR'S SERVICE

Nothing contained in the Plan, or with respect to any grant hereunder, shall interfere with or limit in any way the right of stockholders of the Company to remove any Director from the Board, nor confer upon any Director any right to continue to serve on the Board as a Director.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(DOLLAR AMOUNTS IN MILLIONS)

	Year Ended December 31				
	1996(a)	1997(b)	1998(c)	1999(d)	2000(e)
Consolidated Companies					
Income before income taxes	\$ 1,507.4	\$ 1,352.7	\$ 1,523.3	\$ 2,251.7	\$ 2,436.0
Interest expense	186.7	164.8	198.7	213.1	221.8
Interest factor in rent expense	45.7	49.8	52.3	50.5	48.6
Amortization of capitalized interest	8.6	9.0	9.4	10.0	9.6
Equity Affiliates					
Share of 50%-owned:					
Income before income taxes	49.3	51.2	47.6	43.4	43.0
Interest expense	9.5	7.1	9.9	8.0	7.5
Interest factor in rent expense . . . . .	.7	.7	1.2	.9	.9
Amortization of capitalized interest . . . . .	.7	.6	.5	.6	.5
Distributed income of less than 50%-owned	48.4	62.5	98.1	88.0	96.4
Earnings	<u>\$ 1,857.0</u>	<u>\$ 1,698.4</u>	<u>\$ 1,941.0</u>	<u>\$ 2,666.2</u>	<u>\$ 2,864.3</u>
Consolidated Companies					
Interest expense	\$ 186.7	\$ 164.8	\$ 198.7	\$ 213.1	\$ 221.8
Capitalized interest	13.9	17.0	12.4	12.9	20.9
Interest factor in rent expense	45.7	49.8	52.3	50.5	48.6
Equity Affiliates					
Share of 50%-owned:					
Interest and capitalized interest	9.5	7.5	10.0	8.1	7.5
Interest factor in rent expense . . . . .	.7	.7	1.2	.9	.9
Fixed Charges	<u>\$ 256.5</u>	<u>\$ 239.8</u>	<u>\$ 274.6</u>	<u>\$ 285.5</u>	<u>\$ 299.7</u>
Ratio of earnings to fixed charges	<u>7.24</u>	<u>7.08</u>	<u>7.07</u>	<u>9.34</u>	<u>9.56</u>

Note: The Corporation is contingently liable as guarantor, or directly liable as the original obligor, for certain debt and lease obligations of S.D. Warren Company, which was sold in December 1994. The buyer provided the Corporation with a letter of credit from a major financial institution guaranteeing repayment of these obligations. No losses are expected from these arrangements and they have not been included in the computation of earnings to fixed charges.

(a) Income before income taxes for consolidated companies and the ratio of earnings to fixed charges include the following pretax items: \$429.9 million of charges for business improvement and other programs and \$(93.6) of gains on asset disposals. Excluding these items, the ratio of earnings to fixed charges was 8.55.

(b) Income before income taxes for consolidated companies and the ratio of earnings to fixed charges include the following pretax items: \$478.3 million of charges for business improvement and other programs and \$(26.5) of a gain on an asset disposal. Excluding these items, the ratio of earnings to fixed charges was 8.97.

(c) Income before income taxes for consolidated companies and the ratio of earnings to fixed charges include the following pretax items: \$377.8 million of charges for business improvement and other programs, \$42.3 million of Mobile pulp mill fees and related severance and \$(140.0) of a gain on an asset disposal. Excluding these items, the ratio of earnings to fixed charges was 8.09.

(d) Income before income taxes for consolidated companies and the ratio of earnings to fixed charges include the following pretax items: \$47.8 million of charges for business improvement and other programs, \$22.6 million of business integration and other costs, \$9.0 million of Mobile pulp mill fees and related severance and \$(176.7) of gains on asset disposals. Excluding these items, the ratio of earnings to fixed charges was 9.00.

(e) Income before income taxes for consolidated companies and the ratio of earnings to fixed charges include the following pretax items: \$24.4 million of charges for business improvement and other programs, \$35.1 million of business integration and other costs, \$15.2 million of litigation settlements and \$(75.8) of patent settlement and accrued liability reversal. Excluding these items, the ratio of earnings to fixed charges was 9.55.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Kimberly-Clark Corporation and Subsidiaries

GLOBAL BUSINESS SEGMENTS

The Corporation is organized into three global business segments. The major products manufactured and marketed by each of the Corporation's business segments are as follows:

- - Tissue - facial and bathroom tissue, paper towels, wipers and napkins for household and away-from-home use; wet wipes; printing, premium business and correspondence papers; and related products. Products in this segment are sold under the Kleenex, Scott, Kimberly-Clark, Kleenex Cottonelle, Kleenex Viva, Huggies, Kimwipes, WypAll, Surpass and other brand names.
- - Personal Care - disposable diapers, training and youth pants and swimpants; feminine and incontinence care products; and related products. Products in this segment are primarily for household use and are sold under a variety of well-known brand names, including Huggies, Pull-Ups, Little Swimmers, GoodNites, Kotex, Lightdays, Depend, Poise and other brand names.
- - Health Care and Other - health care products such as surgical gowns, drapes, infection control products, sterilization wraps, disposable face masks and exam gloves, respiratory products, and other disposable medical products; specialty and technical papers; and other products. Products in this segment are sold under the Kimberly-Clark, Safeskin, Tecnol, Ballard and other brand names.

BUSINESS IMPROVEMENT AND OTHER PROGRAMS

The Corporation announced business improvement programs in 1998 and 1997 to address its ongoing competitiveness and improve its operating efficiency and cost structure. A summary of these programs together with cost and other information is presented below.

1998 Plan

In the fourth quarter of 1998, the Corporation announced a facilities consolidation plan (the "1998 Plan") to, among other things, further align tissue manufacturing capacity with demand in Europe, close a diaper manufacturing facility in Canada, shut down and dispose of a tissue machine in Thailand, write down certain excess feminine care production equipment in North America and reduce the Corporation's workforce by approximately 830 employees. Costs for the 1998 Plan of \$18.2 million, \$42.6 million and \$49.1 million were recorded in 2000, 1999 and 1998, respectively. The year 2000 costs are composed primarily of certain severance costs and charges for accelerated depreciation for the Corporation's Larkfield, U.K. tissue manufacturing facility that remained in use until it was shut down in October 2000. Through December 31, 2000, the Corporation had notified and subsequently terminated 814 employees. The costs of this workforce reduction were charged to earnings in the period in which such employee severance benefits were appropriately communicated.

1997 Plan

On November 21, 1997, the Corporation announced a restructuring plan (the "1997 Plan"). The plan, among other things, resulted in the sale, closure or downsizing of 16 manufacturing facilities worldwide and a workforce reduction of approximately 3,740 employees. In 1998, the Corporation determined that its Villanovetta, Italy tissue manufacturing facility was an impaired asset because its cash flows from use and disposal were insufficient to cover the carrying amount of the asset. In 1998, other less significant modifications were made to the 1997 Plan, the largest of which was a charge for losses on European feminine care equipment removed from service. Costs for the 1997 Plan of \$250.8 million were recorded in 1998 at the time costs became accruable under appropriate accounting principles. Included in such costs was an asset impairment charge for the Villanovetta facility of \$26.8 million, losses on the European feminine care equipment of \$12.1 million and accelerated depreciation related to assets that

were to be disposed of but which continued to be operated during 1998. In 1999, the Corporation recorded a net credit of \$16.7 million, which was composed of accelerated depreciation expense of \$23.7 million, reductions in accrued costs of \$31.9 million and lower asset write-offs and higher sales proceeds totaling \$8.5 million, due to changes in estimates.

Charges (credits) under these two plans for the three years ended December 31, 2000 are summarized below:

(Millions of dollars)	Amounts Charged to Earnings		
	2000	1999	1998
Workforce severance	\$ 5.5	\$ 11.2	\$ 64.3
Write-downs of property, plant and equipment and other assets . .	-	(11.5)	91.4
Contract settlements, lease terminations and other costs	-	(27.1)	31.3
Asset impairments	-	-	31.3
Accelerated depreciation	12.7	53.3	81.6

Total pretax charge	\$18.2	\$ 25.9	\$299.9
	=====	=====	=====
Income statement classification:			
Cost of products sold	\$18.2	\$ 52.9	\$183.1
Restructuring and other unusual charges	-	(27.0)	116.8
	-----	-----	-----
Total pretax charge	\$18.2	\$ 25.9	\$299.9
	=====	=====	=====

The effects of these two plans were included in operating profit by business segment and geography as follows:

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998

By Business Segment			
Tissue	\$17.1	\$19.9	\$164.2
Personal Care	1.1	13.4	121.8
Health Care	-	(1.3)	13.2
Unallocated	-	(6.1)	.7
	-----	-----	-----
Total pretax charge	\$18.2	\$25.9	\$299.9
	=====	=====	=====
By Geography			
North America	\$ 1.0	\$ 6.4	\$194.9
Outside North America	17.2	25.6	104.3
Unallocated	-	(6.1)	.7
	-----	-----	-----
Total pretax charge	\$18.2	\$25.9	\$299.9
	=====	=====	=====

These two plans decreased operating profit and net income as follows:

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998

Operating profit	\$18.2	\$25.9	\$299.9
Net income	12.8	21.1	213.0

Set forth below is a summary of the types and amounts recognized as accrued expenses for these two plans together with cash payments made against such accruals for the two years ended December 31, 2000.

(Millions of dollars)	2000			Balance 12/31/00
	Balance 12/31/99	Additions	Payments	
Workforce severance	\$16.5	\$5.5	\$(18.7)	\$3.3
Environmental costs and lease contract terminations . . .	8.0	-	(3.0)	5.0
	-----	-----	-----	-----
	\$24.5	\$5.5	\$(21.7)	\$8.3
	=====	=====	=====	=====

(Millions of dollars)	1999			Balance 12/31/99
	Balance 12/31/98	Additions (Reductions)	Payments	
Workforce severance	\$ 53.3	\$ 11.2	\$(48.0)	\$16.5
Asset removal costs	15.2	(8.9)	(6.3)	-
Environmental costs and lease contract terminations . .	41.2	(9.1)	(24.1)	8.0
Other costs	20.1	(12.1)	(8.0)	-
	-----	-----	-----	-----
	\$129.8	\$(18.9)	\$(86.4)	\$24.5
	=====	=====	=====	=====

These two plans were completed as of December 31, 2000. The accrued expense balance of \$8.3 million will be paid in accordance with the terms of the applicable employee severance and other agreements.

OTHER INFORMATION

1999 Unusual Charges

In 1999, the Corporation incurred \$13.6 million of unusual business improvement costs that were not related to the business improvement plans discussed above. The costs, which primarily were for employee severance and write off of assets removed from service, were charged to cost of products sold when incurred.

Write-down of Certain Intangible and Other Assets

In 1998, the carrying amounts of trademarks and unamortized goodwill of certain European businesses were determined to be impaired and written down. In addition, the Corporation began depreciating the cost of all newly acquired personal computers ("PCs") over two years. In recognition of the change in estimated useful lives, PC assets with a remaining net book value of \$16.6 million became subject to accelerated depreciation charges. These charges, along with \$8.8 million of charges for write-downs of other assets and a loss on a pulp contract, reduced 1998 operating profit \$81.2 million and net income \$64.7 million. Of the \$81.2 million, \$6.8 million was charged to cost of products sold and \$74.4 million was charged to general expense. In 1999, accelerated depreciation on PCs reduced operating profit \$8.3 million, \$2.7 million of which was charged to cost of products sold and \$5.6 million was charged to general expense. In 2000, accelerated depreciation on PCs reduced operating profit \$6.2 million, \$2.0 million of which was charged to cost of products sold and \$4.2 million was charged to general expense. At September 30, 2000, these PCs were fully depreciated.

Approximately 91 percent of the 1998 write-down of certain intangible and other assets and accelerated depreciation on PCs described above related to the Personal Care segment and 9 percent related to the Tissue segment. In 2000 and 1999, 50 percent of \$6.2 million and \$8.3 million, respectively, of accelerated depreciation was charged to each of the Personal Care and Tissue segments.

ANALYSIS OF CONSOLIDATED NET SALES - THREE YEARS ENDED DECEMBER 31, 2000

By Business Segment

(Millions of dollars)	Net Sales		
	2000	1999	1998
Tissue	\$ 7,303.2	\$ 6,968.8	\$ 6,733.1
Personal Care	5,437.6	5,138.1	4,596.5
Health Care and Other	1,291.0	936.4	1,001.5
Intersegment sales	(49.8)	(36.5)	(33.3)
Consolidated	<u>\$13,982.0</u>	<u>\$13,006.8</u>	<u>\$12,297.8</u>

By Geographic Area

(Millions of dollars)	Net Sales		
	2000	1999	1998
United States	\$ 9,059.4	\$ 8,392.5	\$ 7,992.8
Canada	990.3	843.4	785.1
Intergeographic sales	(673.5)	(507.4)	(408.9)
Total North America	9,376.2	8,728.5	8,369.0
Europe	2,474.5	2,544.7	2,471.2
Asia, Latin America, Africa and Middle East	2,680.5	2,084.6	1,766.2
Intergeographic sales	(549.2)	(351.0)	(308.6)
Consolidated	<u>\$13,982.0</u>	<u>\$13,006.8</u>	<u>\$12,297.8</u>

Commentary:

2000 versus 1999

Consolidated net sales increased 7.5 percent above 1999. In 1999, the Corporation closed its Mobile, Alabama pulp mill and sold its Southeast Timberlands ("SET") and its pulp mill located in Miranda, Spain. Excluding the revenues of these divested businesses, consolidated net sales increased more than 8 percent. Sales volumes increased approximately 9 percent, with each business segment contributing to the gain. While selling prices increased nearly 2 percent, changes in foreign currency exchange rates, primarily in Europe, reduced consolidated net sales by almost 3 percent. Although the preceding tables include the divested businesses, the following net sales commentary excludes their results in order to facilitate a more meaningful discussion.

- - Worldwide net sales of tissue products increased by more than 6 percent. Sales volumes grew 7 percent and selling price increases added 2 percent, while unfavorable currency exchange rate effects reduced net sales by 3 percent. Excluding currency effects, net sales increased in each geographic region. The increase in sales volumes was primarily due to higher sales of Kleenex Cottonelle and Scott bathroom tissue and washroom systems in North America. Other significant contributors to the increase were household towels and wet wipes products in North America. Sales volumes in Europe benefited from the Attisholz Holding AG ("Attisholz") tissue brands acquired in

June 1999. In Latin America, higher sales volumes accounted for the increase in net sales. On March 31, 2000, the Corporation increased its ownership interest in Hogla-Kimberly Limited ("Hogla"), its Israeli affiliate, to 50.1 percent and began to consolidate Hogla's results in April 2000.

- - Worldwide net sales of personal care products were 5.8 percent higher primarily due to increased sales volumes. Selling price increases of nearly 2 percent were offset by the negative effect of changes in foreign currency exchange rates. Net sales were higher in every geographic region. In North America, a slight decline in overall sales volumes was more than offset by increased selling prices. In Europe, sales volumes were 16 percent greater, driven by strong sales of Huggies diapers. The net sales increase in Latin America was primarily due to continued expansion in sales volumes. Asia benefited from increased sales volumes of diapers and feminine care products in Korea and the acquisition of S-K Corporation, a former licensee, in Taiwan. The consolidation of Hogla also contributed to the overall higher sales volumes.
- - Net sales for health care and other products increased 37.9 percent principally due to the acquisitions of Ballard Medical Products ("Ballard") in September 1999 and Safeskin Corporation ("Safeskin") in February 2000.

1999 versus 1998

Consolidated net sales increased 5.8 percent above 1998. In 1998, the Corporation sold K-C Aviation Inc. ("KCA"). Excluding the revenues of the divested businesses for both years, consolidated net sales increased about 8 percent. Sales volumes increased approximately 9 percent, with each of the business segments contributing to the gain. However, changes in foreign currency exchange rates reduced consolidated net sales by about 1 percent, with favorable effects in Korea being more than offset by unfavorable changes in Brazil and Europe. Although the preceding tables include the divested businesses, the following net sales commentary excludes their results in order to facilitate a more meaningful discussion.

- - Worldwide net sales of tissue products increased 5 percent. Sales volumes grew by nearly 6 percent, while slightly lower prices and unfavorable foreign currency exchange rate effects, primarily in Europe, reduced net sales by approximately 1 percent. The increase in sales volumes was primarily attributable to the contribution from the Attisholz tissue brands in Europe and improved sales of Kleenex Cottonelle and Scott bathroom tissue in North America. Other significant contributors to the increase were Kleenex facial tissue, washroom systems and wet wipes products, which more than offset a decline in sales volumes for household towels in North America. A portion of the tissue sales volume increase was due to operations in Colombia, in which the Corporation made an additional investment in late 1998 to gain majority ownership of certain Latin American equity companies (the "Colombian Investment").
- - Worldwide net sales of personal care products were 11.8 percent greater primarily due to a 13 percent increase in sales volumes. A selling price increase of approximately 1 percent was more than offset by the negative effect of changes in foreign currency exchange rates of slightly more than 2 percent. Net sales were higher in every geographic region. In North America, net sales increased across all brands, led by higher volumes for Huggies diapers. There was improvement in diaper sales in Europe and notably increased sales of personal care products in Korea. In addition, a portion of the increase in net sales was attributable to the Colombian Investment.
- - Net sales for health care and other products increased 11 percent primarily due to sales volume growth for professional health care products, including the contribution from the acquisition of Ballard.

UNUSUAL ITEMS

For purposes of this Management's Discussion and Analysis, and in order to facilitate a meaningful discussion of the ongoing operations of the Corporation, the items summarized in the following table are considered to be unusual items ("Unusual Items").

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998
Charges (credits) to Operating Profit:			
Business Improvement and Other Programs:			
1998 and 1997 Plans	\$ 18.2	\$ 25.9	\$ 299.9
1999 unusual charges	-	13.6	-
Write-down of certain intangible and other assets	6.2	8.3	81.2
Gains on disposals of assets	-	(176.7)	(140.0)
Patent settlement and accrued liability reversal	(75.8)	-	-
Litigation settlements	15.2	-	-
Mobile pulp mill fees and related severance	-	9.0	42.3
Business integration and other costs	35.1	22.6	(3.3)
Net(credit) charge for unusual items	(1.1)	(97.3)	280.1
Operating profit as reported	2,633.8	2,435.4	1,697.7
Operating profit excluding unusual items	\$2,632.7	\$2,338.1	\$1,977.8

- - A description of the items included in the 1998 and 1997 Plans, the 1999 unusual charges and the write-down of certain intangible and other assets is contained in the Business Improvement and Other Programs section above.
- - Gains on disposals of assets are primarily related to the sale of SET in 1999 and the sale of KCA in 1998.
- - In the first quarter of 2000, as part of settlement of a patent dispute, the Corporation was compensated for royalty income related to prior years. This settlement was recorded as other income. Also, certain estimated liabilities accrued under the terms of the agreement for the 1997 sale of a pulp and newsprint business were reversed to other income because no claims had been made by the buyer and the accrual ceased to be required.
- - In the third and fourth quarters of 2000, the Corporation reached agreements to settle certain litigation and accordingly recorded charges related to these settlements.
- - In 1999, the Corporation recorded workforce severance costs related to the sale of SET. In 1998, a contract cancellation fee and workforce severance costs related to the closure of the Mobile pulp mill were recorded.
- - As part of the integration of acquired businesses, Attisholz, Ballard and Safeskin, certain costs related to assimilating these operations were expensed as incurred in 1999 and 2000. In addition, the Corporation has incurred certain costs related to the reorganizations of its North American professional health care and European away-from-home sales forces, which were recorded in 2000.

The items displayed in the preceding table have been excluded from operating profit in the "Excluding Unusual Items" columns in the following Consolidated Operating Profit tables.

ANALYSIS OF CONSOLIDATED OPERATING PROFIT - THREE YEARS ENDED
DECEMBER 31, 2000

By Business Segment

(Millions of dollars)	2000		1999		1998	
	AS REPORTED	EXCLUDING UNUSUAL ITEMS	As Reported	Excluding Unusual Items	As Reported	Excluding Unusual Items
Tissue	\$1,305.0	\$1,339.8	\$1,114.1	\$1,171.3	\$ 921.3	\$1,135.7
Personal Care	1,136.7	1,141.9	1,092.8	1,109.1	588.7	785.3
Health Care and Other	186.1	205.6	154.3	161.9	161.2	173.7
Other income (expense), net	104.2	43.6	180.0	3.3	124.4	(15.6)
Unallocated - net	(98.2)	(98.2)	(105.8)	(107.5)	(97.9)	(101.3)
Consolidated	<u>\$2,633.8</u>	<u>\$2,632.7</u>	<u>\$2,435.4</u>	<u>\$2,338.1</u>	<u>\$1,697.7</u>	<u>\$1,977.8</u>

By Geographic Area

(Millions of dollars)	2000		1999		1998	
	AS REPORTED	EXCLUDING UNUSUAL ITEMS	As Reported	Excluding Unusual Items	As Reported	Excluding Unusual Items
United States	\$1,937.1	\$1,972.0	\$1,821.9	\$1,868.8	\$1,407.2	\$1,663.4
Canada	211.3	212.7	105.3	110.9	112.7	104.8
Europe	149.7	172.9	183.3	219.8	(39.7)	123.1
Asia, Latin America, Africa and Middle East	329.7	329.7	250.7	242.8	191.0	203.4
Other income (expense), net	104.2	43.6	180.0	3.3	124.4	(15.6)
Unallocated - net	(98.2)	(98.2)	(105.8)	(107.5)	(97.9)	(101.3)
Consolidated	<u>\$2,633.8</u>	<u>\$2,632.7</u>	<u>\$2,435.4</u>	<u>\$2,338.1</u>	<u>\$1,697.7</u>	<u>\$1,977.8</u>

Note: Unallocated - net consists of expenses not associated with the business segments or geographic areas.

Commentary:

2000 versus 1999

Excluding the Unusual Items, operating profit increased 12.6 percent, and operating profit as a percentage of net sales increased from 18.0 percent in 1999 to 18.8 percent in 2000. The increase in operating profit was primarily driven by the higher sales volumes. In addition, selling price increases and manufacturing cost improvements combined to more than offset the higher cost of raw materials, primarily pulp costs, and increased goodwill amortization. The following commentary excludes the Unusual Items in both years.

- - Operating profit for tissue products was greater by 14.4 percent primarily due to increased selling prices and sales volumes that combined to more than offset the higher costs of raw materials. In North America, increased sales volumes and reduced manufacturing costs for Kleenex Cottonelle and Scott bathroom tissue and higher selling prices and sales volumes for towel products were the principal contributors to improved results. In Europe, increased sales volumes did not offset the negative impact of higher pulp prices and currency effects.

- - Operating profit for personal care products increased 3.0 percent as increased sales volumes and selling prices combined to more than offset higher raw materials costs and greater advertising and promotion expense, which was incurred to support launches of new products and geographic expansion. Higher sales volumes for diapers in Europe and diapers and feminine care products in Korea and selling price increases in North America, principally for diapers and feminine care products, were major contributors to the results achieved.
- - Operating profit for the health care and other segment increased 27.0 percent principally due to the additional sales volumes associated with the Ballard and Safeskin acquisitions.
- - Operating profit in North America benefited from a pension credit, primarily attributable to favorable returns on pension assets, which more than offset higher costs for other postretirement benefits.
- - Other income (expense), net increased primarily due to favorable foreign currency effects and gains on minor asset sales.

1999 versus 1998

Excluding the Unusual Items, operating profit increased 18.2 percent, and operating profit as a percentage of net sales increased to 18.0 percent in 1999 from 16.1 percent in 1998. Excluding the divested businesses and the Unusual Items for both years, operating profit increased 20.0 percent. The increase in operating profit was driven by the higher sales volumes, with productivity improvements and other manufacturing cost efficiencies contributing to the gain. The benefits of these improvements more than offset the additional investments in marketing and product improvement initiatives. The following commentary excludes the Unusual Items and the results of divested businesses in both years.

- - Operating profit for tissue products increased slightly more than 4 percent primarily due to higher sales volumes for facial and bathroom tissue and wet wipes products in North America, the Attisholz acquisition in Europe and the Colombian Investment. The sales growth along with manufacturing efficiencies more than offset the increased marketing costs for new Kleenex Cottonelle bathroom tissue and improved Scott towels and bathroom tissue in North America.
- - Operating profit for personal care products increased 41.2 percent, led by results in North America where the higher sales volumes, manufacturing cost reductions and selling price increases more than offset increased marketing costs. Operating profit also benefited from contributions by Europe due to the increased diaper sales volume, other cost savings and lower marketing expense and the Colombian Investment.
- - Operating profit for the health care and other segment increased nearly 3 percent primarily due to increased sales volumes for professional health care products, which benefited from the Ballard acquisition.
- - Other income (expense), net increased due to lower adverse currency effects.

ADDITIONAL INCOME STATEMENT COMMENTARY

2000 versus 1999

- - Interest expense increased due to both higher average debt levels and increased interest rates.

- - The Corporation's effective income tax rate was 31.1 percent in 2000 compared with 32.4 percent in 1999. Excluding the Unusual Items from both years, the Corporation's effective income tax rate was 31.0 percent in 2000 compared with 32.1 percent in 1999. The lower effective tax rate was primarily due to tax initiatives.
- - The Corporation's share of net income of equity companies was \$186.4 million in 2000 compared with \$189.6 million in 1999. The decrease was primarily due to the previously mentioned consolidation of Hogla in 2000.
- - Minority owners' share of subsidiaries' net income increased in 2000 primarily due to improved results of the Corporation's majority owned subsidiaries in the Andean region and the consolidation of Hogla.
- - On a diluted share basis, net income was \$3.31 per share in 2000 compared with \$3.09 per share in 1999, an increase of 7.1 percent. Excluding the Unusual Items in both years, earnings from operations were \$3.32 per share in 2000 compared with \$2.98 per share in 1999, an increase of 11.4 percent.

1999 versus 1998

- - Interest expense increased primarily due to higher average debt levels.
- - The Corporation's effective income tax rate was 32.4 percent in 1999 compared with 34.3 percent in 1998. Excluding the Unusual Items from both years, the Corporation's effective income tax rate was 32.1 percent in 1999 compared with 32.0 percent in 1998.
- - The Corporation's share of net income of equity companies was \$189.6 million in 1999 compared with \$146.3 million in 1998, excluding a charge related to the change in value of the Mexican peso in 1998. The increase was primarily due to the results of Kimberly-Clark de Mexico, S.A. de C.V., which benefited from higher selling prices and increased sales volumes.
- - Minority owners' share of subsidiaries' net income increased in 1999 primarily due to the previously mentioned Colombian Investment and the improved results of the Corporation's majority owned subsidiary in Korea.
- - On a diluted share basis, net income was \$3.09 per share in 1999 compared with \$1.99 per share in 1998, an increase of 55.3 percent. Excluding the Unusual Items in both years, the charge for the devaluation of the Mexican peso and the cumulative effect of the accounting change for start-up costs in 1998, earnings from operations were \$2.98 per share in 1999 compared with \$2.44 per share in 1998, an increase of 22.1 percent.

SALES OF PRINCIPAL PRODUCTS

(Billions of dollars)	2000	1999	1998
Tissue-based products	\$ 6.4	\$ 5.9	\$ 5.7
Diapers	3.2	3.0	2.6
All other	4.4	4.1	4.0
	-----	-----	-----
Consolidated.	\$14.0	\$13.0	\$12.3
	=====	=====	=====

LIQUIDITY AND CAPITAL RESOURCES

(Millions of dollars)	Year Ended December 31	
	2000	1999
Cash provided by operations	\$2,133.2	\$2,139.9
Capital spending	1,170.3	786.4
Acquisitions of businesses, net of cash acquired	294.5	271.9
Proceeds from dispositions of property, businesses and investments	97.6	115.2
Proceeds from notes receivable	220.0	383.0
Ratio of net debt to capital	35.2%	28.9%
Pretax interest coverage - times	11.4	11.4

Cash Flow Commentary:

- - Cash provided by operations was essentially even with last year. Net income plus noncash charges included in net income increased to \$2.5 billion in 2000 compared with \$2.2 billion in 1999. The Corporation invested \$338.3 million in working capital in 2000, including the effect of the timing of income tax payments, versus \$61.5 million in 1999.
- - Approximately \$22 million and \$86 million of cash payments were charged to the accruals for the Business Improvement and Other Programs in 2000 and 1999, respectively.
- - Capital spending in 2000 increased nearly \$384 million over 1999 in large part due to the Corporation's continued investments in its proprietary technologies for tissue, wet wipes and adult care products in North America and for diaper manufacturing outside North America.
- - In June 2000, the Corporation transferred \$220 million of notes receivable for cash to a noncontrolled special purpose entity in which the Corporation has a minority voting interest. This transfer resulted in no gain or loss to the Corporation.

Financing Commentary:

- - In 2000, the Corporation repurchased 21.0 million shares of its common stock in connection with its share repurchase program at a total cost of nearly \$1.2 billion. At December 31, 2000, authority to repurchase 36.5 million shares remained under February and November 2000 repurchase authorities from the Corporation's board of directors. In 1999, the Corporation repurchased 13.5 million shares of its common stock at a total cost of about \$750 million.
- - At December 31, 2000, total debt was \$3.5 billion, an increase of almost \$.8 billion above the prior year-end total. Net debt (total debt net of cash, cash equivalents and, at December 31, 1999, \$220 million of long-term notes receivable) was nearly \$3.3 billion at December 31, 2000 compared with almost \$2.2 billion at December 31, 1999. The Corporation's ratio of net debt to capital was 35.2 percent, approximately the mid-point of the Corporation's targeted range of 30 to 40 percent.
- - Excluding the Unusual Items in both years, the pretax interest coverage ratio was 11.4 in 2000 and 11.0 in 1999.
- - On July 27, 2000, the Corporation issued \$300 million aggregate principal amount of 7.10 percent notes due August 1, 2007.

- - Revolving credit facilities of \$1.1 billion, which were unused at December 31, 2000, are in place for general corporate purposes and to back up commercial paper borrowings.
- - The Corporation's long-term debt securities have a Double-A rating and its commercial paper is rated in the top category.

Other Commentary:

- - On January 31, 2001, the Corporation completed the acquisition of Linostar S.p.A., a leading Italian-based diaper manufacturer that produces and markets Lines, Italy's second largest diaper brand. The Corporation intends to account for this acquisition using the purchase method.
- - 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.

MARKET RISK SENSITIVITY AND INFLATION RISKS

As a multinational enterprise, the Corporation is exposed to changes in foreign currency exchange rates, interest rates and commodity prices. A variety of practices are employed to manage these market risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. Derivative instruments are used only for risk management purposes and not for speculation or trading. All derivative instruments are either exchange traded or are entered into with major financial institutions in order to reduce credit risk and risk of nonperformance by third parties.

Foreign Currency Risk

Foreign currency risk is managed by the use of foreign currency forward, swap and option contracts. The use of these contracts allows management of transactional exposure to exchange rate fluctuations because the gains or losses incurred on the derivative instruments will offset, in whole or in part, losses or gains on the underlying foreign currency exposure. Management of foreign currency transactional exposures was not changed during 2000, and management does not foresee or expect any significant change in such exposures or in the strategies it employs to manage them in the near future.

Foreign currency contracts and transactional exposures are sensitive to changes in foreign currency exchange rates. As of December 31, 2000, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of foreign currencies involving transactional exposures would have resulted in a net pretax loss of approximately \$51 million. These hypothetical gains or losses on foreign currency contracts and transactional exposures are defined as the difference between the contract rates and the hypothetical exchange rates. In the view of management, the above losses resulting from the hypothetical changes in foreign currency exchange rates are not material to the Corporation's consolidated financial position, results of operations or cash flows.

Interest Rate Risk

Interest rate risk is managed through the maintenance of a portfolio of variable- and fixed-rate debt composed of short- and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. At December 31, 2000, the debt portfolio was composed of approximately 49 percent variable-rate debt, adjusted for the effect of variable-rate assets, and 51 percent fixed-rate debt. The strategy employed to manage exposure to interest rate fluctuations did

not change significantly during 2000, and management does not foresee or expect any significant changes in its exposure to interest rate fluctuations or in how such exposure is managed in the near future.

Various outstanding interest-bearing instruments are sensitive to changes in interest rates. Interest rate changes would result in gains or losses in the market value of fixed-rate debt due to differences between the current market interest rates and the rates governing these instruments. With respect to fixed-rate debt outstanding at December 31, 2000, a 10 percent change in interest rates would have resulted in no material change in the fair value of fixed-rate debt. With respect to commercial paper and other variable-rate debt, a 10 percent increase in interest rates would have had no material effect on the future results of operations.

Commodity Price Risk

The Corporation is subject to commodity price risk, the most significant of which relates to the price of pulp. Selling prices of tissue products are influenced, in part, by the market price for pulp, which is determined by industry supply and demand. On a worldwide basis, the Corporation supplies approximately 40 percent of its virgin fiber needs from internal pulp manufacturing operations. Management still intends to reduce its level of pulp integration, when market conditions permit, to approximately 25 percent, and such a reduction in pulp integration, if accomplished, could increase the Corporation's commodity price risk. Specifically, increases in pulp prices could adversely affect earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in pulp prices. Derivative instruments have not been used to manage these risks. Management does not believe that commodity price risk is material to the Corporation's business or its consolidated financial position, results of operations or cash flows.

Inflation Risk

The Corporation's inflation risk is managed on an entity-by-entity basis through selective price increases, productivity increases and cost-containment measures. Management does not believe that inflation risk is material to the Corporation's business or its consolidated financial position, results of operations or cash flows.

CONTINGENCIES AND LEGAL MATTERS

In April 1998, the U.S. Environmental Protection Agency enacted new and more stringent air emission and water discharge regulations, referred to as the Cluster Rule, that impose additional pollution control requirements on the Corporation's pulp production facilities. These rules would have required the Corporation to spend more than \$250 million to meet the Cluster Rule requirements at its Mobile, Alabama pulp mill. Sappi Fine Paper (S.D. Warren Company), a producer of printing and publishing papers, had purchased approximately one-third of the pulp mill's output. On May 4, 1998, S.D. Warren and the Corporation announced an agreement to terminate their pulp supply contract effective September 1, 1999. As a result of the cancellation of the pulp supply contract and the cost of implementing the Cluster Rule, on May 5, 1998, the Corporation announced its intention to dispose of its entire integrated pulp operation in Mobile, Alabama, including the related sale of the associated woodlands operations (the "Southeast Timberlands") and the closure of its pulp production facility. The pulp facility was shut down in August 1999. Closure of the pulp mill resulted in the elimination of approximately 450 jobs, and severance costs of \$18.0 million for these employees were charged to cost of products sold in the third quarter of 1998, at the time the employees were notified of their termination benefits.

On September 30, 1999, the Corporation sold approximately 460,000 acres of the Southeast Timberlands to Joshua Timberlands, LLC for notes receivable with approximate face value of \$400 million ("Joshua Notes"). The Joshua Notes, which were recorded at their fair value of approximately \$383 million, bear interest initially at floating rates based on LIBOR less 15 basis points and are backed by irrevocable standby letters of credit issued by a major money-center bank, are due September 30, 2009 and are extendable in additional five-year increments up to September 30, 2029, at the option of the note holder. Additional acres of such timberland and related equipment were sold to other buyers prior to September 30, 1999 for \$66 million in cash. The closure of the pulp mill combined with the sale of the related timberlands resulted in a pretax gain of \$153.3 million, which was recorded in other (income) expense, net. The after-tax effect of the transaction was a gain of \$95.7 million, or \$.18 per share.

In November 1999, the Joshua Notes were transferred for cash to a noncontrolled special purpose entity ("SPE") in which the Corporation has a minority voting interest. The transfer of the Joshua Notes, which was accounted for as a sale, resulted in no gain or loss to the Corporation. The SPE is accounted for as an equity investment.

In connection with the Mobile pulp mill closure, on May 5, 1998, the Corporation gave notice to Mobile Energy Services Company, L.L.C. ("MESC") of its intent to terminate a long-term energy services contract. The resulting termination penalty of \$24.3 million was charged to cost of products sold in the second quarter of 1998. On January 14, 1999, MESC and related parties (the "Debtors") filed for Chapter 11 bankruptcy protection and instituted an action against the Corporation claiming unspecified damages in connection with the pulp mill closure.

On December 31, 1999, a joint motion (the "Motion") was filed with the U.S. Bankruptcy Court (the "Court") seeking approval of a settlement agreement and compromise of claims and pending litigation against the Corporation arising from the closure of the pulp mill and termination of the energy services contract. Under the proposed settlement agreement, the Corporation agreed to pay MESC at closing approximately \$30 million, subject to certain adjustments. The Court granted the Motion on January 24, 2000. Closing of the settlement would be subject to, among other conditions, the Debtors filing a plan of reorganization from bankruptcy and the ultimate approval of that plan by the Court. The approximate \$30 million payment, which will be accrued when the conditions for settlement are met, is in addition to \$24.3 million previously accrued by the Corporation. In addition, the proposed settlement provides, among other things, an agreement by MESC to provide energy to the Corporation's Mobile tissue mill at market rates.

In August 2000, the Debtors filed a plan of reorganization with the Court that would implement the settlement agreement. During the fourth quarter of 2000, several crucial elements of the Debtors' plan became no longer viable. As a result, the Debtors have sought and received from the Court and the Corporation several extensions of deadlines contained in the settlement agreement.

Because of uncertainty involving the Debtors' business plans, the settlement agreement may not be finalized and approved by the Court. Consequently, the Corporation has developed contingency plans to minimize or avoid disruption to its Mobile operations in the event that MESC is unable or unwilling to supply energy to the Mobile tissue mill. If the settlement agreement is not finalized, the litigation and arbitration proceedings between the Corporation and the Debtors could resume. The outcome of the MESC litigation, arbitration and settlement is not expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

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 have a material adverse effect on the Corporation's business or results of operations. The Corporation has been named as a potentially responsible party at a number of waste disposal sites, none of which, individually or in the aggregate, in management's opinion, is likely to have a material adverse effect on the Corporation's business, financial condition or results of operations.

NEW PRONOUNCEMENTS

Statement of Financial Accounting Standards ("SFAS") 133, Accounting for Derivative Instruments and Hedging Activities, was issued in 1998 and amended in 2000 by SFAS 138, Accounting for Certain Derivative Instruments and Hedging Activities. SFAS 133, which will be adopted January 1, 2001, will require that all derivatives be recorded on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Corporation has completed an inventory of its derivative instruments and has determined which of these derivatives qualify for hedge accounting. Based on its derivative positions at December 31, 2000, the Corporation will, upon adoption, recognize the cumulative effect of an accounting change as a pretax loss of approximately \$.5 million in other (income) expense, net and an after-tax gain of \$1.5 million in other comprehensive income.

During 2000, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board issued EITF 00-14, Accounting for Certain Sales Incentives. Under EITF 00-14, the face value of consumer coupons must be recorded at the time they are issued based upon estimated redemptions and classified along with similar discounts as a reduction in sales revenue. The effective date of EITF 00-14 is the second quarter of 2001. The Corporation has historically followed the practice of recording the face value of coupons based upon estimated redemptions as promotion expense in the period that the related sales revenue is recognized. The Corporation will adopt EITF 00-14 in the second quarter of 2001 and will reclassify the face value of coupons and similar discounts ("Discounts") as a reduction in revenue for all periods presented. Discounts recorded as promotion expense were approximately \$186 million, \$204 million and \$158 million in 2000, 1999 and 1998, respectively. Upon adoption of EITF 00-14, the Corporation will report a cumulative effect of a change in accounting principle resulting from a change in the period for recognizing the face value of coupons. The net income effect of this change is currently estimated to be an after-tax charge equal to \$.02 per share.

OUTLOOK

The Corporation expects 2001 to be a year of continued growth that will provide it opportunity to build on its global franchises. The Corporation intends to invest more than \$50 million in comprehensive marketing programs and start-up costs to support the introduction of its new Cottonelle Fresh rollwipes, making it one of the most significant new product launches in the Corporation's history. The Corporation will also incur start-up costs for its new tissue machines in Oklahoma and Tennessee. Additionally, the Corporation expects to expand its diaper business in Europe with the acquisition of Linostar. The Corporation's objectives remain unchanged. The Corporation is continuing to target sales increases of 6 to 8 percent and double-digit increases in earnings per share from operations annually.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report concerning, among other things, the business outlook, including new product introductions, cost savings and acquisitions, anticipated financial and operating results, strategies, contingencies and contemplated transactions of the Corporation constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the Corporation. There can be no assurance that these events will occur or that the Corporation's results will be as estimated.

The assumptions used as a basis for the forward-looking statements include many estimates that, among other things, depend on the achievement of future cost savings and projected volume increases. Furthermore, the Corporation has assumed that it will continue to identify suitable acquisition candidates in those product markets where it intends to grow by acquisition. In addition, many factors outside the control of the Corporation, including the prices of the Corporation's raw materials, potential competitive pressures on selling prices or advertising and promotion expenses for the Corporation's products, and fluctuations in foreign currency exchange rates, as well as general economic conditions in the markets in which the Corporation does business, also could impact the realization of such estimates.

For a description of these and other factors that could cause the Corporation's future results to differ materially from those expressed in any such forward-looking statements, see the section of Part I, Item I of the Corporation's Annual Report on Form 10-K entitled "Factors That May Affect Future Results."

CONSOLIDATED INCOME STATEMENT
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars, except per share amounts)	Year Ended December 31		
	2000	1999	1998
NET SALES	\$13,982.0	\$13,006.8	\$12,297.8
Cost of products sold	8,228.5	7,681.6	7,700.2
GROSS PROFIT	5,753.5	5,325.2	4,597.6
Advertising, promotion and selling expenses	2,122.7	2,097.8	1,937.4
Research expense	277.4	249.8	224.8
General expense	742.1	707.4	717.0
Goodwill amortization	81.7	41.8	33.3
Restructuring and other unusual charges	-	(27.0)	111.8
Other (income) expense, net	(104.2)	(180.0)	(124.4)
OPERATING PROFIT	2,633.8	2,435.4	1,697.7
Interest income	24.0	29.4	24.3
Interest expense	(221.8)	(213.1)	(198.7)
INCOME BEFORE INCOME TAXES	2,436.0	2,251.7	1,523.3
Provision for income taxes	758.5	730.2	522.2
INCOME BEFORE EQUITY INTERESTS	1,677.5	1,521.5	1,001.1
Share of net income of equity companies	186.4	189.6	137.1
Minority owners' share of subsidiaries' net income	(63.3)	(43.0)	(23.9)
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	1,800.6	1,668.1	1,114.3
Cumulative effect of accounting change, net of income taxes	-	-	(11.2)
NET INCOME	\$ 1,800.6	\$ 1,668.1	\$ 1,103.1
PER SHARE BASIS			
BASIC			
Income before cumulative effect of accounting change	\$ 3.34	\$ 3.11	\$ 2.02
Net income	\$ 3.34	\$ 3.11	\$ 2.00
DILUTED			
Income before cumulative effect of accounting change	\$ 3.31	\$ 3.09	\$ 2.01
Net income	\$ 3.31	\$ 3.09	\$ 1.99

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET
 Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars)	ASSETS	December 31	
		2000	1999
CURRENT ASSETS			
Cash and cash equivalents		\$ 206.5	\$ 322.8
Accounts receivable		1,809.6	1,600.6
Inventories		1,390.4	1,239.9
Deferred income taxes		287.1	311.4
Prepaid expenses and other		96.3	81.5
		-----	-----
TOTAL CURRENT ASSETS		3,789.9	3,556.2
PROPERTY			
Land		239.2	190.7
Buildings		1,854.4	1,739.2
Machinery and equipment		9,135.1	8,811.7
Construction in progress		786.1	408.8
		-----	-----
		12,014.8	11,150.4
Less accumulated depreciation		5,096.3	4,858.8
		-----	-----
NET PROPERTY		6,918.5	6,291.6
INVESTMENTS IN EQUITY COMPANIES		798.8	863.1
GOODWILL, NET OF ACCUMULATED AMORTIZATION		2,009.9	1,246.1
OTHER ASSETS		962.7	858.5
		-----	-----
		\$14,479.8	\$12,815.5
		=====	=====

See Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31	
	2000	1999
CURRENT LIABILITIES		
Debt payable within one year	\$ 1,490.5	\$ 782.4
Trade accounts payable	872.8	780.4
Other payables	303.1	245.3
Accrued expenses	1,239.8	1,312.1
Accrued income taxes	523.5	584.6
Dividends payable	144.2	141.0
TOTAL CURRENT LIABILITIES	4,573.9	3,845.8
LONG-TERM DEBT	2,000.6	1,926.6
NONCURRENT EMPLOYEE BENEFIT AND OTHER OBLIGATIONS	869.2	868.5
DEFERRED INCOME TAXES	987.5	836.9
MINORITY OWNERS' INTERESTS IN SUBSIDIARIES	281.3	244.6
STOCKHOLDERS' EQUITY		
Preferred stock - no par value - authorized 20.0 million shares, none issued	-	-
Common stock - \$1.25 par value - authorized 1.2 billion shares; issued 568.6 million shares at December 31, 2000 and 1999	710.8	710.8
Additional paid-in capital	412.3	166.4
Common stock held in treasury, at cost - 35.2 million and 28.0 million shares at December 31, 2000 and 1999, respectively	(1,974.1)	(1,420.4)
Accumulated other comprehensive income (loss)	(1,337.6)	(1,114.8)
Retained earnings	7,982.0	6,764.6
Unearned compensation on restricted stock	(26.1)	(13.5)
TOTAL STOCKHOLDERS' EQUITY	5,767.3	5,093.1
	\$14,479.8	\$12,815.5

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars, except share amounts)	Common Stock Issued		Additional Paid-In Capital	Treasury Stock		Accumulated Other Comprehensive Income(Loss)	Retained Earnings	Unearned Compensation on Restricted Stock	Total Stock- holders' Equity	Compre- hensive Income
	Shares	Amount		Shares	Amount					
Balance at										
December 31, 1997	568,596,810	\$710.8	\$113.3	12,250,368	\$(617.1)	\$(966.6)	\$5,099.9	\$ -	\$4,340.3	
Shares issued for the exercise of stock options and awards	-	-	(43.8)	(1,643,718)	82.1	-	-	-	38.3	
Stock option income tax benefits	-	-	16.8	-	-	-	-	-	16.8	
Shares purchased for treasury	-	-	-	19,732,752	(919.7)	-	-	-	(919.7)	
Comprehensive income:										
Net income	-	-	-	-	-	-	1,103.1	-	1,103.1	\$1,103.1
Other comprehensive income (loss):										
Unrealized translation adjustments	-	-	-	-	-	3.1	-	-	3.1	3.1
Minimum pension liability adjustment	-	-	-	-	-	(.8)	-	-	(.8)	(.8)
Comprehensive income	-	-	-	-	-	-	-	-	-	\$1,105.4
Dividends declared on common shares	-	-	-	-	-	-	(549.6)	-	(549.6)	
Balance at										
December 31, 1998	568,596,810	710.8	86.3	30,339,402	(1,454.7)	(964.3)	5,653.4	-	4,031.5	
Shares issued for the exercise of stock options and awards	-	-	(48.2)	(2,189,629)	108.9	-	-	-	60.7	
Stock option income tax benefits	-	-	28.5	-	-	-	-	-	28.5	
Shares purchased for treasury	-	-	-	13,940,653	(779.0)	-	-	-	(779.0)	
Shares issued for the acquisition of Ballard Medical Products	-	-	100.6	(13,758,610)	686.2	-	-	-	786.8	
Stock issued, net of forfeitures, under restricted stock plans, less amortization	-	-	(.8)	(362,000)	18.2	-	-	(13.5)	3.9	
Comprehensive income:										
Net income	-	-	-	-	-	-	1,668.1	-	1,668.1	\$1,668.1
Other comprehensive income (loss):										
Unrealized translation adjustments	-	-	-	-	-	(154.6)	-	-	(154.6)	(154.6)
Minimum pension liability adjustment	-	-	-	-	-	4.1	-	-	4.1	4.1
Comprehensive income	-	-	-	-	-	-	-	-	-	\$1,517.6
Dividends declared on common shares	-	-	-	-	-	-	(556.9)	-	(556.9)	
Balance at										
December 31, 1999	568,596,810	710.8	166.4	27,969,816	(1,420.4)	(1,114.8)	6,764.6	(13.5)	5,093.1	

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars, except share amounts)	Common Stock Issued		Additional Paid-In Capital	Treasury Stock		Accumulated Other Comprehensive Income(Loss)	Retained Earnings	Unearned Compensation on Restricted Stock	Total Stock- holders' Equity	Compre- hensive Income
	Shares	Amount		Shares	Amount					
Balance at										
December 31, 1999 . . . . .	.568,596,810	710.8	166.4	27,969,816	(1,420.4)	(1,114.8)	6,764.6	(13.5)	5,093.1	
Shares issued for the exercise of stock options and awards	-	-	(63.7)	(2,900,773)	154.0	-	-	-	90.3	
Stock option income tax benefits	-	-	25.2	-	-	-	-	-	25.2	
Shares purchased for treasury	-	-	-	21,216,618	(1,190.7)	-	-	-	(1,190.7)	
Shares issued for the acquisition of Safeskin Corporation	-	-	282.4	(10,695,002)	464.0	-	-	-	746.4	
Stock issued, net of forfeitures, under restricted stock plans, less amortization	-	-	2.0	(357,400)	19.0	-	-	(12.6)	8.4	
Comprehensive income:										
Net income	-	-	-	-	-	-	1,800.6	-	1,800.6	\$1,800.6
Other comprehensive income (loss):										
Unrealized translation adjustments	-	-	-	-	-	(218.8)	-	-	(218.8)	(218.8)
Minimum pension liability adjustment	-	-	-	-	-	(4.0)	-	-	(4.0)	(4.0)
Comprehensive income	-	-	-	-	-	-	-	-	-	\$1,577.8
Dividends declared on common shares	-	-	-	-	-	-	(583.2)	-	(583.2)	
Balance at										
December 31, 2000 . . . . .	.568,596,810	\$710.8	\$412.3	35,233,259	\$(1,974.1)	\$(1,337.6)	\$7,982.0	\$(26.1)	\$5,767.3	

See Notes to Consolidated Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT
 Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998
OPERATIONS			
Net income	\$ 1,800.6	\$ 1,668.1	\$ 1,103.1
Business improvement programs	7.2	(13.8)	292.5
Cumulative effect of accounting change, net of income taxes.	-	-	11.2
Mobile pulp mill fees and related severance	-	9.0	42.3
Depreciation	591.7	586.2	594.5
Goodwill amortization	81.7	41.8	33.3
Deferred income tax provision	84.1	126.2	13.6
Net losses (gains) on asset sales	19.3	(143.9)	(125.9)
Equity companies' earnings in excess of dividends paid	(67.0)	(78.7)	(15.1)
Minority owners' share of subsidiaries' net income	63.3	43.0	23.9
(Increase) decrease in operating working capital	(338.3)	(61.5)	63.6
Postretirement benefits	(121.9)	(43.1)	(57.5)
Other	12.5	6.6	14.2
CASH PROVIDED BY OPERATIONS	2,133.2	2,139.9	1,993.7
INVESTING			
Capital spending	(1,170.3)	(786.4)	(669.5)
Acquisitions of businesses, net of cash acquired	(294.5)	(271.9)	(342.5)
Proceeds from dispositions of property and businesses	44.5	115.2	324.9
Proceeds from investments	53.1	-	-
Proceeds from notes receivable	220.0	383.0	-
Other	(37.7)	(22.3)	(16.7)
CASH USED FOR INVESTING	(1,184.9)	(582.4)	(703.8)
FINANCING			
Cash dividends paid	(580.1)	(551.3)	(545.5)
Net increase (decrease) in short-term debt	700.7	(163.8)	(2.6)
Increases in long-term debt	359.4	117.7	541.3
Decreases in long-term debt	(446.7)	(75.9)	(319.1)
Proceeds from exercise of stock options	90.3	60.8	38.3
Acquisitions of common stock for the treasury	(1,190.7)	(779.0)	(919.7)
Other	2.5	12.8	(29.4)
CASH USED FOR FINANCING	(1,064.6)	(1,378.7)	(1,236.7)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (116.3)	\$ 178.8	\$ 53.2

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Kimberly-Clark Corporation and Subsidiaries

NOTE 1. ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Differences from those estimates are recorded in the appropriate period.

INVENTORIES AND DISTRIBUTION COSTS

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

PROPERTY AND DEPRECIATION

Property, plant and equipment are stated at cost and are depreciated over their estimated useful lives on the straight-line or units-of-production method for financial reporting purposes and generally on an accelerated method for income tax purposes. Capitalized costs of purchased and internally developed software are amortized on the straight-line method over not more than five years. Estimated useful lives are periodically reviewed and, when warranted, changes are made that result in an acceleration of depreciation. These long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their cost may not be recoverable. An impairment loss would be recognized when estimated future cash flows from the use of the asset and its eventual disposition are less than its carrying amount. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the balance sheet and any gain or loss on the transaction is included in income.

The cost of major maintenance performed on the Corporation's manufacturing facilities, composed of labor, materials and other incremental costs, is charged to operations as incurred.

Costs of bringing significant new or expanded facilities into operation are expensed as incurred. Prior to 1998, the Corporation's practice had been to record such costs as deferred charges and to amortize them over periods of not more than five years. The Corporation adopted Statement of Position 98-5, Reporting on the Costs of Start-Up Activities, effective January 1, 1998, and recorded a pretax charge of \$17.8 million, \$11.2 million after taxes, or \$.02 per share, as the cumulative effect of this accounting change.

NOTE 1. (Continued)

GOODWILL

Goodwill is amortized on the straight-line method over periods ranging from 10 years to 40 years. Accumulated amortization of goodwill at December 31, 2000 and 1999 was \$242.3 million and \$185.8 million, respectively. The realizability and period of benefit of goodwill are evaluated periodically when events or circumstances indicate that nonrecoverability of goodwill is possible. If it becomes probable that the future undiscounted cash flow associated with such goodwill is less than its carrying value, an impairment loss would be recognized. These recoverability evaluations are subjective and require management assessments and judgments. Historically, acquired businesses generally have generated sufficient cash flows to recover the cost of goodwill and other intangible assets.

REVENUE RECOGNITION

Sales revenue is recognized at the time of product shipment to unaffiliated customers and appropriate provision is made for uncollectible accounts.

ADVERTISING EXPENSE

Advertising expenses are charged to income during the period incurred, except for expenses related to the development of a major commercial or media campaign, which are charged to income during the period in which the advertisement or campaign is first presented by the media. Advertising expenses charged to income totaled \$349.3 million in 2000, \$336.5 million in 1999 and \$295.3 million in 1998.

ENVIRONMENTAL EXPENDITURES

Environmental expenditures related to current operations that qualify as property, plant and equipment or which substantially increase the economic value or extend the useful life of an asset are capitalized, and all other expenditures are expensed as incurred. Environmental expenditures that relate to an existing condition caused by past operations are expensed as incurred. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with completion of a feasibility study or a commitment to a formal plan of action.

STOCK-BASED COMPENSATION

Compensation cost for stock options and awards is measured based on intrinsic value under Accounting Principles Board Opinion ("APB") 25, Accounting for Stock Issued to Employees.

NEW PRONOUNCEMENTS

Statement of Financial Accounting Standards ("SFAS") 133, Accounting for Derivative Instruments and Hedging Activities, was issued in 1998 and amended in 2000 by SFAS 138, Accounting for Certain Derivative Instruments and Hedging Activities. SFAS 133, which will be adopted January 1, 2001, will require that all derivatives be recorded on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Corporation has completed an inventory of its derivative instruments and has determined which of these derivatives qualify for hedge accounting. Based on its derivative positions at December 31, 2000, the Corporation will, upon adoption, recognize the cumulative effect of an accounting change as a pretax loss of

NOTE 1. (Continued)

approximately \$.5 million in other (income) expense, net and an after-tax gain of \$1.5 million in other comprehensive income.

During 2000, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board issued EITF 00-14, Accounting for Certain Sales Incentives. Under EITF 00-14, the face value of consumer coupons must be recorded at the time they are issued based upon estimated redemptions and classified along with similar discounts as a reduction in sales revenue. The effective date of EITF 00-14 is the second quarter of 2001. The Corporation has historically followed the practice of recording the face value of coupons based upon estimated redemptions as promotion expense in the period that the related sales revenue is recognized. The Corporation will adopt EITF 00-14 in the second quarter of 2001 and will reclassify the face value of coupons and similar discounts ("Discounts") as a reduction in revenue for all periods presented. Discounts recorded as promotion expense were approximately \$186 million, \$204 million and \$158 million in 2000, 1999 and 1998, respectively. Upon adoption of EITF 00-14, the Corporation will report a cumulative effect of a change in accounting principle resulting from a change in the period for recognizing the face value of coupons. The net income effect of this change is currently estimated to be an after-tax charge equal to \$.02 per share.

NOTE 2. BUSINESS IMPROVEMENT AND OTHER PROGRAMS

The Corporation announced business improvement programs in 1998 and 1997 to address its ongoing competitiveness and improve its operating efficiency and cost structure. A summary of these programs together with cost and other information is presented below.

1998 PLAN

In the fourth quarter of 1998, the Corporation announced a facilities consolidation plan (the "1998 Plan") to, among other things, further align tissue manufacturing capacity with demand in Europe, close a diaper manufacturing facility in Canada, shut down and dispose of a tissue machine in Thailand, write down certain excess feminine care production equipment in North America and reduce the Corporation's workforce by approximately 830 employees. Costs for the 1998 Plan of \$18.2 million, \$42.6 million and \$49.1 million were recorded in 2000, 1999 and 1998, respectively. The year 2000 costs are composed primarily of certain severance costs and charges for accelerated depreciation for the Corporation's Larkfield, U.K. tissue manufacturing facility that remained in use until it was shut down in October 2000. Through December 31, 2000, the Corporation had notified and subsequently terminated 814 employees. The costs of this workforce reduction were charged to earnings in the period in which such employee severance benefits were appropriately communicated.

1997 PLAN

On November 21, 1997, the Corporation announced a restructuring plan (the "1997 Plan"). The plan, among other things, resulted in the sale, closure or downsizing of 16 manufacturing facilities worldwide and a workforce reduction of approximately 3,740 employees. In 1998, the Corporation determined that its Villanovetta, Italy tissue manufacturing facility was an impaired asset because its cash flows from use and disposal were insufficient to cover the carrying amount of the asset. In 1998, other less significant modifications were made to the 1997 Plan, the largest of which was a charge for losses on European feminine care equipment removed from service. Costs for the 1997 Plan of \$250.8 million were recorded in 1998 at the time costs became accruable under appropriate accounting principles. Included in such costs was an asset impairment charge for the Villanovetta facility of \$26.8 million, losses on the European feminine care equipment of \$12.1 million and accelerated depreciation related to assets that were to be disposed of but which continued to be operated during 1998. In 1999, the Corporation recorded a net credit of \$16.7 million, which was composed of accelerated depreciation expense of \$23.7 million, reductions in accrued costs of \$31.9 million and lower asset write-offs and higher sales proceeds totaling \$8.5 million, due to changes in estimates.

Charges (credits) under these two plans for the three years ended December 31, 2000 are summarized below:

(Millions of dollars)	Amounts Charged to Earnings		
	2000	1999	1998
Workforce severance	\$ 5.5	\$ 11.2	\$ 64.3
Write-downs of property, plant and equipment and other assets	-	(11.5)	91.4
Contract settlements, lease terminations and other costs . . .	-	(27.1)	31.3
Asset impairments	-	-	31.3
Accelerated depreciation	12.7	53.3	81.6
	-----	-----	-----
Total pretax charge	\$18.2	\$ 25.9	\$299.9
	=====	=====	=====
Income statement classification:			
Cost of products sold	\$18.2	\$ 52.9	\$183.1
Restructuring and other unusual charges	-	(27.0)	116.8
	-----	-----	-----
Total pretax charge	\$18.2	\$ 25.9	\$299.9
	=====	=====	=====

NOTE 2. (Continued)

The effects of these two plans were included in operating profit by business segment and geography as follows:

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998

By Business Segment			
Tissue	\$17.1	\$19.9	\$164.2
Personal Care	1.1	13.4	121.8
Health Care	-	(1.3)	13.2
Unallocated	-	(6.1)	.7
	-----	-----	-----
Total pretax charge	\$18.2	\$25.9	\$299.9
	=====	=====	=====
By Geography			
North America	\$ 1.0	\$ 6.4	\$194.9
Outside North America	17.2	25.6	104.3
Unallocated	-	(6.1)	.7
	-----	-----	-----
Total pretax charge	\$18.2	\$25.9	\$299.9
	=====	=====	=====

These two plans decreased operating profit and net income as follows:

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998

Operating profit	\$18.2	\$25.9	\$299.9
Net income	12.8	21.1	213.0

Set forth below is a summary of the types and amounts recognized as accrued expenses for these two plans together with cash payments made against such accruals for the two years ended December 31, 2000.

(Millions of dollars)	Balance 12/31/99	2000		Balance 12/31/00
		Additions	Payments	

Workforce severance	\$16.5	\$5.5	\$(18.7)	\$3.3
Environmental costs and lease contract terminations	8.0	-	(3.0)	5.0
	-----	-----	-----	-----
	\$24.5	\$5.5	\$(21.7)	\$8.3
	=====	=====	=====	=====

(Millions of dollars)	Balance 12/31/98	1999		Balance 12/31/99
		Additions (Reductions)	Payments	

Workforce severance	\$ 53.3	\$ 11.2	\$(48.0)	\$16.5
Asset removal costs	15.2	(8.9)	(6.3)	-
Environmental costs and lease contract terminations	41.2	(9.1)	(24.1)	8.0
Other costs	20.1	(12.1)	(8.0)	-
	-----	-----	-----	-----
	\$129.8	\$(18.9)	\$(86.4)	\$24.5
	=====	=====	=====	=====

NOTE 2. (Continued)

These two plans are completed as of December 31, 2000. The accrued expense balance of \$8.3 million will be paid in accordance with the terms of the applicable employee severance and other agreements.

OTHER INFORMATION

1999 Unusual Charges

In 1999, the Corporation incurred \$13.6 million of unusual business improvement costs that were not related to the business improvement plans discussed above. The costs, which primarily were for employee severance and write off of assets removed from service, were charged to cost of products sold when incurred.

Write-down of Certain Intangible and Other Assets

In 1998, the carrying amounts of trademarks and unamortized goodwill of certain European businesses were determined to be impaired and written down. In addition, the Corporation began depreciating the cost of all newly acquired personal computers ("PCs") over two years. In recognition of the change in estimated useful lives, PC assets with a remaining net book value of \$16.6 million became subject to accelerated depreciation charges. These charges, along with \$8.8 million of charges for write-downs of other assets and a loss on a pulp contract, reduced 1998 operating profit \$81.2 million and net income \$64.7 million. Of the \$81.2 million, \$6.8 million was charged to cost of products sold and \$74.4 million was charged to general expense. In 1999, accelerated depreciation on PCs reduced operating profit \$8.3 million, \$2.7 million of which was charged to cost of products sold and \$5.6 million was charged to general expense. In 2000, accelerated depreciation on PCs reduced operating profit \$6.2 million, \$2.0 million of which was charged to cost of products sold and \$4.2 million was charged to general expense. At September 30, 2000, these PCs were fully depreciated.

Approximately 91 percent of the 1998 write-down of certain intangible and other assets and accelerated depreciation on PCs described above related to the Personal Care segment and 9 percent related to the Tissue segment. In 2000 and 1999, 50 percent of \$6.2 million and \$8.3 million, respectively, of accelerated depreciation was charged to each of the Personal Care and Tissue segments.

NOTE 3. INCOME TAXES

An analysis of the provision for income taxes follows:

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998

Current income taxes:			
United States	\$407.3	\$386.9	\$402.0
State	36.5	69.8	26.8
Other countries	230.6	147.3	79.8
	-----	-----	-----
Total	674.4	604.0	508.6
	-----	-----	-----
Deferred income taxes:			
United States	91.3	139.2	39.8
State	14.0	(18.7)	5.5
Other countries	(21.2)	5.7	(38.3)
	-----	-----	-----
Total	84.1	126.2	7.0
	-----	-----	-----
Total provision for income taxes	758.5	730.2	515.6
Less income taxes related to cumulative effect of accounting change	-	-	(6.6)
	-----	-----	-----
Total provision excluding income taxes related to cumulative effect of accounting change	\$758.5	\$730.2	\$522.2
	=====	=====	=====

Income before income taxes is classified in the Consolidated Income Statement as follows:

(Millions of dollars)	Year Ended December 31		
	2000	1999	1998

Income Before Cumulative Effect of Accounting Change:			
United States	\$1,787.5	\$1,782.7	\$1,455.6
Other countries	648.5	469.0	67.7
	-----	-----	-----
	\$2,436.0	\$2,251.7	\$1,523.3
	=====	=====	=====
Cumulative Effect of Accounting Change:			
United States	\$ -	\$ -	\$ (17.2)
Other countries	-	-	(.6)
	-----	-----	-----
	\$ -	\$ -	\$ (17.8)
	=====	=====	=====

NOTE 3. (Continued)

Deferred income tax assets are composed of the following:

	December 31	
(Millions of dollars)	2000	1999
<hr/>		
Current deferred income tax asset attributable to:		
Advertising and promotion accruals	\$ 20.8	\$ 27.5
Pension, postretirement and other employee benefits	130.4	121.9
Other accrued expenses	100.0	124.6
Inventory	24.8	31.0
Other	14.7	6.7
Valuation allowances	(3.6)	(.3)
	<hr/>	<hr/>
Net current deferred income tax asset	\$ 287.1	\$ 311.4
	<hr/>	<hr/>
Noncurrent deferred income tax asset attributable to:		
Accumulated depreciation	\$ (16.7)	\$ (42.4)
Income tax loss carryforwards	222.3	294.1
Foreign tax credits	30.0	22.9
Other	22.1	11.1
Valuation allowances	(155.2)	(278.7)
	<hr/>	<hr/>
Net noncurrent deferred income tax asset included in other assets	\$ 102.5	\$ 7.0
	<hr/>	<hr/>
Noncurrent deferred income tax liability attributable to:		
Accumulated depreciation	\$(928.5)	\$(888.8)
Income tax loss carryforwards	40.7	55.3
Pension and other postretirement benefits	157.9	227.0
Installment sales	(275.7)	(275.7)
Other	18.1	45.3
	<hr/>	<hr/>
Net noncurrent deferred income tax liability	\$(987.5)	\$(836.9)
	<hr/>	<hr/>

Valuation allowances for deferred income tax assets decreased \$120.2 million in 2000 and decreased \$6.6 million in 1999. Valuation allowances at the end of 2000 primarily relate to the potentially unusable portion of income tax loss carryforwards of \$766 million in jurisdictions primarily outside the United States. If not utilized against taxable income, \$190 million of the loss carryforwards will expire from 2001 through 2010. The remaining \$576 million has no expiration date.

Realization of deferred tax assets is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets, net of applicable valuation allowances, will be realized. The amount of the deferred tax assets considered realizable could be reduced or increased if estimates of future taxable income during the carryforward period are reduced or increased.

NOTE 3. (Continued)

Presented below is a reconciliation of the income tax provision computed at the U.S. federal statutory tax rate to the provision for income taxes excluding income taxes applicable to the cumulative effect of an accounting change.

(Millions of dollars)	Year Ended December 31					
	2000		1999		1998	
	AMOUNT	PERCENT	Amount	Percent	Amount	Percent
Income before income taxes:						
As reported	\$2,436.0		\$2,251.7		\$1,523.3	
Charges (credits) for business improvement programs and other unusual items	(1.1)		(97.3)		280.1	
Income before income taxes excluding the above charges.	\$2,434.9		\$2,154.4		\$1,803.4	
Tax at U.S. statutory rate(a)	\$ 852.2	35.0%	\$ 754.0	35.0%	\$ 631.2	35.0%
State income taxes, net of federal tax benefit	32.5	1.3	29.7	1.4	17.3	1.0
Operating losses for which no tax benefit was recognized	15.8	.6	19.7	.9	34.6	1.9
Net operating losses realized	(71.4)	(2.9)	(12.7)	(.6)	(10.2)	(.5)
Other - net	(73.9)	(3.0)	(99.1)	(4.6)	(96.1)	(5.4)
	755.2	31.0%	691.6	32.1%	576.8	32.0%
Tax effects of business improvement programs and other unusual items	3.3	-	38.6	39.7%	(54.6)	(19.5)%
Provision for income taxes	\$ 758.5	31.1%	\$ 730.2	32.4%	\$ 522.2	34.3%

(a) Tax at U.S. statutory rate is based on income before income taxes excluding the charges (credits) for business improvement programs and other unusual items. The tax effects of such programs are shown elsewhere in the table.

At December 31, 2000, income taxes have not been provided on approximately \$2.4 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings, which are considered to be invested indefinitely, would become subject to income 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. Determination of the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings is not practicable because of the complexities associated with its hypothetical calculation. Withholding taxes of approximately \$210 million would be payable upon remittance of all previously unremitted earnings at December 31, 2000.

NOTE 4. POSTRETIREMENT AND OTHER BENEFITS

PENSION PLANS

The Corporation and its subsidiaries in North America and the United Kingdom have defined benefit and/or defined contribution retirement plans covering substantially all regular employees. Certain other subsidiaries have defined benefit pension plans or, in certain countries, termination pay plans covering substantially all regular employees. For the principal defined benefit plans in North America and the United Kingdom, the funding policy is to contribute assets that, at a minimum, fully fund the accumulated benefit obligation, subject to regulatory and tax deductibility limits. The funding policy for nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code and for the remaining defined benefit plans outside North America is based on legal requirements, tax considerations, investment opportunities, and customary business practices in such countries.

OTHER POSTRETIREMENT BENEFIT PLANS

Substantially all retired employees of the Corporation and its North American subsidiaries and certain international employees are covered by health care and life insurance benefit plans. Certain benefits are based on years of service and age at retirement. The plans are principally noncontributory for employees who retired before 1993 and are contributory for most employees who retire in 1993 or after. Certain U.S. plans limit the Corporation's cost of future annual per capita retiree medical benefits to no more than 200 percent of the 1992 annual per capita cost. Certain other U.S. plans limit the Corporation's future cost for retiree medical benefits to a defined annual per capita medical cost.

Summarized financial information about postretirement plans, excluding defined contribution retirement plans, is presented below.

(Millions of dollars)	Pension Benefits		Other Benefits	
	Year Ended December 31			
	2000	1999	2000	1999
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	\$3,648.5	\$3,867.5	\$ 626.9	\$ 658.6
Service cost	63.4	73.3	10.9	12.5
Interest cost	263.6	251.1	48.3	45.2
Participants' contributions	8.5	7.2	5.2	4.9
Amendments	4.5	11.6	-	-
Actuarial loss (gain)	181.3	(292.9)	41.0	(28.4)
Acquisitions	6.6	1.0	-	-
Curtailements	-	11.9	-	(4.1)
Special termination benefits	1.1	1.9	-	-
Currency exchange rate effects	(68.9)	(12.2)	(.9)	1.5
Benefit payments	(261.5)	(271.9)	(69.5)	(63.3)
	-----	-----	-----	-----
Benefit obligation at end of year	3,847.1	3,648.5	661.9	626.9
	-----	-----	-----	-----
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year . .	4,426.2	3,927.2	-	-
Actual (loss) return on plan assets	(47.5)	736.9	-	-
Acquisitions	2.7	-	-	-
Employer contributions	19.3	25.0	64.3	58.4
Participants' contributions	8.5	7.2	5.2	4.9
Currency exchange rate effects	(67.7)	(8.4)	-	-
Benefit payments	(255.0)	(261.7)	(69.5)	(63.3)
	-----	-----	-----	-----
Fair value of plan assets at end of year	4,086.5	4,426.2	-	-
	-----	-----	-----	-----
FUNDED STATUS				
Excess (deficiency) of plan assets over benefit obligation	239.4	777.7	(661.9)	(626.9)
Unrecognized net actuarial gain	(37.0)	(682.4)	(46.2)	(91.6)
Unrecognized transition amount	(5.4)	(10.9)	-	-
Unrecognized prior service cost	62.5	67.0	(13.4)	(15.5)
	-----	-----	-----	-----
Net amount recognized	\$ 259.5	\$ 151.4	\$(721.5)	\$(734.0)
	=====	=====	=====	=====
AMOUNTS RECOGNIZED IN THE BALANCE SHEET CONSIST OF:				
Prepaid benefit cost	\$ 364.1	\$ 248.2	\$ -	\$ -
Accrued benefit cost	(131.9)	(117.9)	(721.5)	(734.0)
Intangible asset	4.6	4.9	-	-
Accumulated other comprehensive income	22.7	16.2	-	-
	-----	-----	-----	-----
Net amount recognized	\$ 259.5	\$ 151.4	\$(721.5)	\$(734.0)
	=====	=====	=====	=====

The above pension benefits information has been presented on an aggregated basis whereby benefit obligation and plan asset information for plans in which plan assets exceed accumulated benefit obligations ("ABO") have been combined with plans where the ABO exceeds plan assets.

NOTE 4. (Continued)

Summary disaggregated information about these pension plans follows:

(Millions of dollars)	Assets Exceed ABO		ABO Exceeds Assets	
	December 31			
	2000	1999	2000	1999
Projected benefit obligation	\$3,650.0	\$3,483.1	\$197.1	\$165.4
ABO.	3,364.6	3,309.1	167.6	152.6
Fair value of plan assets.	4,037.5	4,379.6	49.0	46.6

(Millions of dollars)	Pension Benefits		Other Benefits	
	December 31			
	2000	1999	2000	1999
Projected benefit obligation	\$3,650.0	\$3,483.1	\$197.1	\$165.4
ABO.	3,364.6	3,309.1	167.6	152.6
Fair value of plan assets.	4,037.5	4,379.6	49.0	46.6

WEIGHTED AVERAGE ASSUMPTIONS

	2000	1999	2000	1999
Discount rate	7.2%	7.4%	7.5%	7.7%
Expected return on plan assets.	9.3%	9.3%	-	-
Rate of compensation increase	4.1%	4.3%	-	-
Health care cost trend rate(a).	-	-	6.9%	7.5%

(a) Assumed to decrease gradually to 6% in 2003 and remain at that level for the large majority of plans and to zero by 2005 and thereafter for the balance.

(Millions of dollars)	Pension Benefits			Other Benefits		
	Year Ended December 31					
	2000	1999	1998	2000	1999	1998
Service cost	\$ 63.4	\$ 73.3	\$ 69.2	\$10.9	\$12.5	\$11.8
Interest cost	263.6	251.1	247.1	48.3	45.2	44.2
Expected return on plan assets.	(397.6)	(352.8)	(332.3)	-	-	-
Amortization of prior service cost.	9.1	9.5	8.5	(2.1)	(2.1)	(2.1)
Amortization of transition amount	(4.4)	(4.6)	(5.3)	-	-	-
Recognized net actuarial (gain) loss.	(20.2)	4.8	2.9	(4.3)	(4.4)	(4.9)
Curtailments.	-	18.0	.7	-	(4.1)	(.4)
Other	1.0	6.1	5.1	-	-	-
Net periodic benefit cost (credit).	\$ (85.1)	\$ 5.4	\$ (4.1)	\$52.8	\$47.1	\$48.6

COMPONENTS OF NET PERIODIC

BENEFIT COST

Service cost	\$ 63.4	\$ 73.3	\$ 69.2	\$10.9	\$12.5	\$11.8
Interest cost	263.6	251.1	247.1	48.3	45.2	44.2
Expected return on plan assets.	(397.6)	(352.8)	(332.3)	-	-	-
Amortization of prior service cost.	9.1	9.5	8.5	(2.1)	(2.1)	(2.1)
Amortization of transition amount	(4.4)	(4.6)	(5.3)	-	-	-
Recognized net actuarial (gain) loss.	(20.2)	4.8	2.9	(4.3)	(4.4)	(4.9)
Curtailments.	-	18.0	.7	-	(4.1)	(.4)
Other	1.0	6.1	5.1	-	-	-
Net periodic benefit cost (credit).	\$ (85.1)	\$ 5.4	\$ (4.1)	\$52.8	\$47.1	\$48.6

Assumed health care cost trend rates affect the amounts reported for postretirement health care benefit plans. A one-percentage-point change in assumed health care trend rates would have the following effects:

(Millions of dollars)	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components	\$ 3.2	\$ 4.3
Effect on postretirement benefit obligation	40.9	42.4

NOTE 4. (Continued)

DEFINED CONTRIBUTION RETIREMENT PLANS

The Corporation's contributions to the defined contribution retirement plans are based on the age and compensation of covered employees. The Corporation's contributions, all of which were charged to expense, were \$29.8 million, \$26.1 million and \$23.8 million in 2000, 1999 and 1998, respectively.

INVESTMENT PLANS

Voluntary contribution investment plans are provided to substantially all North American employees. Under the plans, the Corporation matches a portion of employee contributions. Costs charged to expense under the plans were \$22.6 million, \$25.1 million and \$26.1 million in 2000, 1999 and 1998, respectively.

NOTE 5. EARNINGS PER SHARE

A reconciliation of the average number of common shares outstanding used in the basic and diluted EPS computations follows:

(Millions)	Average Common Shares Outstanding		
	2000	1999	1998
Basic	539.5	536.3	550.3
Dilutive effect of stock options	3.9	3.1	2.3
Dilutive effect of deferred compensation plan shares . . . . .	.1	.1	-
Dilutive effect of shares issued for participation share awards . . . . .	.3	.6	.5
	-----	-----	-----
Diluted	543.8	540.1	553.1
	=====	=====	=====

Options outstanding that were not included in the computation of diluted EPS because their exercise price was greater than the average market price of the common shares are summarized below:

Description	2000	1999	1998
Average number of share equivalents (millions) . . . . .	.5	.1	8.9
Weighted-average option price	\$157.27(a)	\$58.10	\$52.74
Expiration date of options	2001 TO 2010	2009	2004 to 2008
Options outstanding at year end . . . . .	.5	.1	9.1

(a) The weighted-average option price in 2000 represents converted options from the Safeskin Corporation acquisition.

The number of common shares outstanding as of December 31, 2000, 1999 and 1998 was 533.4 million, 540.6 million and 538.3 million, respectively.

NOTE 6. DEBT

Long-term debt is composed of the following:

	Weighted-Average Interest Rate	Maturities	December 31	
			2000	1999
Notes and debentures	7.3%	2001 to 2028	\$1,652.8	\$1,591.6
Industrial development revenue bonds	4.7%	2002 to 2034	414.1	416.8
Bank loans and other financings in various currencies	9.7%	2001 to 2016	211.2	215.6
Total long-term debt			2,278.1	2,224.0
Less current portion			277.5	297.4
Long-term portion			\$2,000.6	\$1,926.6

Fair value of long-term debt was \$2,295.9 million and \$2,212.0 million at December 31, 2000 and 1999, respectively. Scheduled maturities of long-term debt are \$45.6 million in 2002, \$33.5 million in 2003, \$122.7 million in 2004 and \$56.1 million in 2005.

At December 31, 2000, the Corporation had a \$1.1 billion syndicated revolving credit facility. This facility, unused at December 31, 2000, permits borrowing at competitive interest rates and is available for general corporate purposes, including backup for commercial paper borrowings. The Corporation pays commitment fees on the unused portion but may cancel the facility without penalty at any time prior to its expiration. Of this facility, \$550 million expires in October 2001 and the balance expires in November 2005.

Debt payable within one year:

(Millions of dollars)	December 31	
	2000	1999
Commercial paper	\$1,046.3	\$353.4
Current portion of long-term debt	277.5	297.4
Other short-term debt	166.7	131.6
Total	\$1,490.5	\$782.4

At December 31, 2000 and 1999, the weighted-average interest rate for commercial paper was 6.5 percent and 5.4 percent, respectively.

NOTE 7. RISK MANAGEMENT

As a multinational enterprise, the Corporation is exposed to changes in foreign currency exchange rates, interest rates and commodity prices. A variety of practices are employed to manage these market risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. Derivative instruments are used only for risk management purposes and not for speculation or trading. All derivative instruments are either exchange traded or are entered into with major financial institutions in order to reduce credit risk and risk of nonperformance by third parties.

Foreign Currency Risk Management

Foreign currency risk is managed by the use of foreign currency forward, swap and option contracts. The use of these contracts allows management of transactional exposure to exchange rate fluctuations because the gains or losses incurred on the derivative instruments will offset, in whole or in part, losses or gains on the underlying foreign currency exposure. Management of foreign currency transactional exposures was not changed during 2000, and management does not foresee or expect any significant change in such exposures or in the strategies it employs to manage them in the near future.

Changes in foreign currency transaction rates decreased net income \$2.2 million, \$1.4 million and \$32.8 million in 2000, 1999 and 1998, respectively. Included in foreign currency losses were the Corporation's share of foreign currency gains and losses at the Corporation's Mexican affiliate, Kimberly-Clark de Mexico, S.A. de C.V. ("KCM"), attributable to changes in the value of the Mexican peso, which is the Corporation's most significant foreign currency risk. The Corporation's share of the peso currency losses was not significant in 2000 and 1999, and was \$.02 per share in 1998.

Beginning in 1999, the Mexican economy was no longer deemed to be hyperinflationary and the peso, rather than the U.S. dollar, became the functional currency for accounting purposes. Consequently, changes in the value of the peso resulted in gains or losses on U.S. dollar obligations of KCM. Prior to 1999, Mexico's economy was deemed to be hyperinflationary and the functional currency of KCM was the U.S. dollar. Accordingly, changes in the value of the peso did not result in foreign currency gains or losses attributable to the U.S. dollar obligations of KCM. However, changes in the value of the peso in 1998 resulted in gains or losses attributable to peso-denominated monetary assets held by KCM.

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. Contracts used to hedge recorded foreign currency transactions generally mature within one year and are marked-to-market with the resulting gains or losses included in current income. These gains and losses offset foreign exchange gains and losses on the underlying transactions. Notwithstanding the sizable notional principal amounts involved, the Corporation's credit exposure under these arrangements is limited to the fair value of the agreements with a positive fair value at the reporting date. Additionally, credit risk with respect to the counterparties is considered minimal in view of the financial strength of the counterparties.

The following table presents the aggregate notional principal amounts, carrying values and fair values of the Corporation's foreign currency forward contracts outstanding at December 31, 2000 and 1999:

(Millions of dollars)	2000			1999		
	NOTIONAL PRINCIPAL AMOUNTS	CARRYING VALUES	FAIR VALUES	Notional Principal Amounts	Carrying Values	Fair Values
Forward contracts						
Assets	\$333.5	\$ 12.1	\$ 7.3	\$770.5	\$18.0	\$16.8
Liabilities	664.3	(20.2)	(13.9)	375.9	(6.8)	(4.4)

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 translation adjustments.

The income statements and balance sheets of operations in hyperinflationary economies 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. Operations that are deemed to be hyperinflationary are as follows: Ecuador (prior to 2000), Russia, Turkey and Venezuela.

Translation exposure generally is not hedged. 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 their local currency, thereby minimizing the effect of currency rate changes on their local operating profit margins.

Interest Rate Risk Management

Interest rate risk is managed through the maintenance of a portfolio of variable- and fixed-rate debt composed of short- and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. The strategy employed to manage exposure to interest rate fluctuations did not change significantly during 2000 and management does not foresee or expect any significant changes in its exposure to interest rate fluctuations or in how such exposure is managed in the near future.

Commodity Price Risk Management

The Corporation is subject to commodity price risk, the most significant of which relates to the price of pulp. Selling prices of tissue products are influenced, in part, by the market price for pulp, which is determined by industry supply and demand. On a worldwide basis, the Corporation supplies approximately 40 percent of its virgin fiber needs from internal pulp manufacturing operations. Management still intends to reduce its level of pulp integration, when market conditions permit, to approximately 25 percent, and such a reduction in pulp integration, if accomplished, could increase the Corporation's commodity price risk. Specifically, increases in pulp prices could adversely affect earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in pulp prices. Derivative instruments have not been used to manage these risks.

NOTE 8. STOCK COMPENSATION PLANS

Kimberly-Clark Equity Participation Plans ("Plans") 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 as defined by the Plans 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. In conjunction with the restricted stock plan discussed later in this note, no additional participation shares will be awarded after 1998.

Data concerning participation and dividend shares follow:

(Thousands of shares)	2000	1999	1998

Outstanding - Beginning of year	10,229	10,049	9,381
Awarded	-	-	2,145
Dividend shares credited - net.	602	808	883
Matured	(4,015)	(483)	(1,925)
Forfeited	(208)	(145)	(435)
	-----	-----	-----
Outstanding - End of year	6,608	10,229	10,049
	=====	=====	=====

Amounts expensed related to participation shares were \$44.5 million, \$34.9 million and \$23.1 million in 2000, 1999 and 1998, respectively.

The Corporation also has stock option plans under which executives and key employees may be granted awards. Under these plans, all stock options are granted at not less than market value at the date of grant, expire 10 years after the date of grant and generally become exercisable over three years.

In October 1997, approximately 57,000 employees worldwide were granted approximately 3.2 million stock options and .2 million stock appreciation rights under the Corporation's Global Stock Option Plan. Employees were granted options to purchase a fixed number of shares, ranging from 25 to 125 shares per employee, of common stock at a price equal to the fair market value of the Corporation's stock at the date of grant. The grants generally became exercisable after the third anniversary of the grant date and have a term of seven years.

As part of the acquisitions of Safeskin Corporation ("Safeskin") in 2000 and Ballard Medical Products ("Ballard") in 1999, outstanding Safeskin and Ballard stock options were converted into options to acquire approximately 1.4 million and .5 million shares, respectively, of the Corporation's common stock at a weighted-average exercise price of \$85.22 and \$36.13, respectively.

NOTE 8. (Continued)

Data concerning stock option activity follows:

(Options in thousands)	2000		1999		1998	
	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding - Beginning of year	20,167	\$44.08	17,132	\$41.04	16,195	\$36.73
Granted.	5,799	52.95	5,271	48.46	3,076	55.94
Exercised.	(2,876)	30.88	(2,154)	27.24	(1,608)	22.91
Canceled or expired.	(554)	67.96	(545)	51.46	(531)	50.86
Converted Safeskin and Ballard stock options.	1,405	85.22	463	36.13	-	-
Outstanding - End of year.	23,941(a)	49.67	20,167	44.08	17,132	41.04
Exercisable - End of year.	11,330	46.95	9,588	36.59	8,429	30.10

(a) Data concerning stock options at December 31, 2000 follows (options in thousands):

Exercise Price Range	Options Outstanding			Options Exercisable	
	Options	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Options	Weighted-Average Price
\$12.36 - \$28.34	2,908	\$ 25.16	3.1	2,908	\$ 25.16
30.42 - 40.43	2,106	39.88	4.8	2,106	39.88
40.85 - 52.13	9,891	49.58	6.4	4,213	49.29
53.05 - 64.50	8,583	54.01	8.3	1,705	55.98
82.44 - 255.63	453	172.56	1.4	398	179.85
	23,941			11,330	

At December 31, 2000, the number of additional shares of common stock of the Corporation available for awards under the 1992 Plan was 10.3 million shares.

The Corporation has elected to follow APB 25 and related interpretations in accounting for its stock options. Under APB 25, because the exercise price of employee stock options that have been awarded was equal to the market price of the underlying stock on the date of grant, no compensation expense was required to be recognized. However, SFAS 123, Accounting for Stock-Based Compensation, requires presentation of pro forma net income and earnings per share as if the Corporation had accounted for its employee stock options under a fair value method. For purposes of pro forma disclosure, the estimated fair value of such stock options is amortized to expense over the vesting period. Under the fair value method, the Corporation's net income and net income per share would have been reduced as follows:

(Millions of dollars, except per share amounts)	2000	1999	1998
Net income.	\$53.3	\$41.2	\$31.0
Basic and diluted net income per share. . . . .	.10	.08	.06

NOTE 8. (Continued)

The weighted-average fair value of the individual options granted during 2000, 1999 and 1998 is estimated as \$16.24, \$11.77 and \$13.36, respectively, on the date of grant. The fair values were determined using a Black-Scholes option-pricing model with the following assumptions:

	2000	1999	1998
Dividend yield	2.04%	2.15%	1.79%
Volatility	26.20%	21.40%	17.60%
Risk-free interest rate	6.50%	5.25%	5.59%
Expected life	5.8 YEARS	5.8 years	5.8 years

UNEARNED COMPENSATION ON RESTRICTED STOCK AWARDS

Effective January 1, 1999, the Corporation adopted a restricted stock plan under which certain key employees may be granted, in the aggregate, up to 2.5 million shares or awards of restricted stock units of the Corporation's common stock. These restricted stock awards vest and become unrestricted shares in three to 10 years from the date of grant. Although plan participants are entitled to cash dividends and may vote such awarded shares, the sale or transfer of such shares is limited during the restricted period. During 2000, .5 million shares were awarded at an average share price of \$58.18. During 1999, .4 million shares were awarded at an average share price of \$48.59. As of December 31, 2000, 1.6 million shares of the Corporation's common stock remained available for awards.

The market value of the Corporation's common stock determines the value of the restricted stock, and such value is recorded at the date of the award as unearned compensation on restricted stock in a separate component of stockholders' equity. This unearned compensation is amortized to compensation expense over the periods of restriction. During 2000 and 1999, \$10.8 million and \$5.0 million, respectively, was charged to compensation expense under the plan. The tax effect of differences between compensation expense for financial statement and income tax purposes is charged or credited to additional paid-in capital.

NOTE 9. COMMITMENTS

LEASES

The future minimum obligations under leases having a noncancelable term in excess of one year as of December 31, 2000, are as follows:

(Millions of dollars)	Operating Leases

Year Ending December 31:	
2001	\$ 72.2
2002	45.2
2003	31.4
2004	24.1
2005	17.6
Thereafter	47.3

Future minimum obligations	\$237.8
	=====

Operating lease obligations have been reduced by approximately \$8.7 million for rental income from noncancelable sublease agreements.

Consolidated rental expense under operating leases was \$145.9 million, \$151.4 million and \$156.9 million in 2000, 1999 and 1998, respectively.

RAW MATERIALS

The Corporation has entered into long-term contracts for the purchase of raw materials, primarily pulp. The minimum purchase commitments extend to 2005. At current prices, the commitments are approximately \$651 million, \$668 million and \$465 million in 2001, 2002 and 2003, respectively. The commitment beyond the year 2003 is approximately \$339 million in total.

Although the Corporation is primarily liable for rental payments on the above-mentioned leases and, considering the purchase commitments for raw materials described above, management believes the Corporation's exposure to losses, if any, under these arrangements is not material.

NOTE 10. STOCKHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME

STOCKHOLDERS' EQUITY

At December 31, 2000, unremitted net income of equity companies included in consolidated retained earnings was \$771 million.

On June 21, 1988, the board of directors of the Corporation declared a distribution of one preferred share purchase right for each outstanding share of the Corporation's common stock. On June 8, 1995, the board amended the plan governing such rights. 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 \$225, but will not become exercisable until 10 days after a person or group acquires or announces a tender offer that 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 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 8, 2005.

OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of other comprehensive income (loss) are as follows:

(Millions of dollars)	Year Ended December 31								
	2000			1999			1998		
	PRETAX AMOUNT	TAX EXP. (CREDIT)	NET AMOUNT	Pretax Amount	Tax Exp. (Credit)	Net Amount	Pretax Amount	Tax Exp. (Credit)	Net Amount
Unrealized translation adjustments	\$ (218.8)	\$ -	\$ (218.8)	\$ (154.6)	\$ -	\$ (154.6)	\$ 3.1	\$ -	\$ 3.1
Minimum pension liability adjustment	(6.5)	(2.5)	(4.0)	6.6	2.5	4.1	(1.4)	(.6)	(.8)
Other comprehensive income (loss)	<u>\$ (225.3)</u>	<u>\$ (2.5)</u>	<u>\$ (222.8)</u>	<u>\$ (148.0)</u>	<u>\$ 2.5</u>	<u>\$ (150.5)</u>	<u>\$ 1.7</u>	<u>\$ (.6)</u>	<u>\$ 2.3</u>

Accumulated balances of other comprehensive income (loss), net of applicable income taxes:

(Millions of dollars)	December 31	
	2000	1999
Unrealized translation adjustments	\$ (1,323.5)	\$ (1,104.7)
Minimum pension liability adjustment	(14.1)	(10.1)
Accumulated other comprehensive income (loss)	<u>\$ (1,337.6)</u>	<u>\$ (1,114.8)</u>

NOTE 11. ACQUISITIONS AND DISPOSITIONS OF BUSINESSES

ACQUISITIONS

On February 8, 2000, the Corporation completed the acquisition of Safeskin through the exchange of approximately 10.7 million shares of the Corporation's common stock for all the outstanding shares of Safeskin. The value of the exchange of stock plus related acquisition costs was approximately \$750 million. On June 30, 2000, the Corporation completed the acquisition of S-K Corporation ("S-K") in Taiwan. These acquisitions were accounted for as purchases. Accordingly, the results of operations of these two entities have been included in the Corporation's consolidated results of operations from the date of their acquisition and their assets and liabilities are included in the consolidated balance sheet as of December 31, 2000.

The Corporation engaged independent appraisers to assist in the determination of the fair value of the acquired assets of Safeskin and S-K. Although the appraisals are not yet complete, the Corporation believes that the allocation of the purchase price will result in assigning values to goodwill and other intangible assets in a range of \$755 million to \$780 million. These intangibles will be amortized on the straight-line method over periods of up to 30 years.

The unaudited pro forma combined historical results of the Corporation, as if Safeskin and S-K had been acquired at the beginning of fiscal 2000 and 1999, are estimated to be:

(Millions of dollars, except per share amounts)	2000	1999
Net sales	\$14,066.7	\$13,329.3
Net income	1,799.3	1,636.2
Basic net income per share	3.33	3.05
Diluted net income per share	3.30	3.03

The pro forma results include amortization of the intangibles discussed above and interest expense on debt assumed to be issued to acquire the treasury stock exchanged in the Safeskin purchase and to finance the purchase of S-K. The pro forma results are not necessarily indicative of what actually would have occurred if the acquisition had been completed as of the beginning of each of the fiscal periods presented, nor are they necessarily indicative of future consolidated results.

In June 1999, the Corporation acquired the European consumer and away-from-home tissue businesses of Attisholz Holding AG for \$365 million in cash. In September 1999, the Corporation completed the acquisition of Ballard through the exchange of approximately 13.8 million shares of the Corporation's common stock for all the outstanding shares of Ballard. The value of the exchange of stock plus related acquisition costs was approximately \$788 million. These two acquisitions were both recorded as purchases and resulted in the allocation of values to goodwill and other intangible assets of \$704 million.

The costs of other acquisitions relating primarily to increased ownership and expansion in Asia and Latin America in 2000, 1999 and 1998 were \$175.5 million, \$44.8 million and \$343.5 million, respectively. The Corporation recognized goodwill on acquisitions of consolidated subsidiaries of \$130.0 million in 2000, \$41.4 million in 1999 and \$72.8 million in 1998. In addition, goodwill of \$150.4 million related to the acquisitions of equity companies in 1998 was recorded in investments in equity companies.

DISPOSITIONS

Southeast Timberlands

In April 1998, the U.S. Environmental Protection Agency enacted new and more stringent air emission and water discharge regulations, referred to as the Cluster Rule, that impose additional pollution control requirements on the Corporation's pulp production facilities. These rules would have required the Corporation to spend more than \$250 million to meet the Cluster Rule requirements at its Mobile, Alabama pulp mill. Sappi Fine Paper (S.D. Warren Company), a producer of printing and publishing papers, had purchased approximately one-third of the pulp mill's output. On May 4, 1998, S.D. Warren and the Corporation announced an agreement to terminate their pulp supply contract effective September 1, 1999. As a result of the cancellation of the pulp supply contract and the cost of implementing the Cluster Rule, on May 5, 1998, the Corporation announced its intention to dispose of its entire integrated pulp operation in Mobile, Alabama, including the related sale of the associated woodlands operations (the "Southeast Timberlands") and the closure of its pulp production facility. The pulp facility was shut down in August 1999. Closure of the pulp mill resulted in the elimination of approximately 450 jobs, and severance costs of \$18.0 million for these employees were charged to cost of products sold in the third quarter of 1998, at the time the employees were notified of their termination benefits.

On September 30, 1999, the Corporation sold approximately 460,000 acres of the Southeast Timberlands to Joshua Timberlands, LLC for notes receivable with approximate face value of \$400 million ("Joshua Notes"). The Joshua Notes, which were recorded at their fair value of approximately \$383 million, bear interest initially at floating rates based on LIBOR less 15 basis points and are backed by irrevocable standby letters of credit issued by a major money-center bank, are due September 30, 2009 and are extendable in additional five-year increments up to September 30, 2029, at the option of the note holder. Additional acres of such timberland and related equipment were sold to other buyers prior to September 30, 1999 for \$66 million in cash. The closure of the pulp mill combined with the sale of the related timberlands resulted in a pretax gain of \$153.3 million, which was recorded in other (income) expense, net. The after-tax effect of the transaction was a gain of \$95.7 million, or \$.18 per share.

In November 1999, the Joshua Notes were transferred for cash to a noncontrolled special purpose entity ("SPE") in which the Corporation has a minority voting interest. The transfer of the Joshua Notes, which was accounted for as a sale, resulted in no gain or loss to the Corporation. The SPE is accounted for as an equity investment.

In connection with the Mobile pulp mill closure, on May 5, 1998, the Corporation gave notice to Mobile Energy Services Company, L.L.C. ("MESC") of its intent to terminate a long-term energy services contract. The resulting termination penalty of \$24.3 million was charged to cost of products sold in the second quarter of 1998. On January 14, 1999, MESC and related parties (the "Debtors") filed for Chapter 11 bankruptcy protection and instituted an action against the Corporation claiming unspecified damages in connection with the pulp mill closure.

On December 31, 1999, a joint motion (the "Motion") was filed with the U.S. Bankruptcy Court (the "Court") seeking approval of a settlement agreement and compromise of claims and pending litigation against the Corporation arising from the closure of the pulp mill and termination of the energy services contract. Under the proposed settlement agreement, the Corporation agreed to pay MESC at closing approximately \$30 million, subject to certain adjustments. The Court granted the Motion on January 24, 2000. Closing of the settlement would be subject to, among other conditions, the Debtors filing a plan

NOTE 11. (Continued)

of reorganization from bankruptcy and the ultimate approval of that plan by the Court. The approximate \$30 million payment, which will be accrued when the conditions for settlement are met, is in addition to \$24.3 million previously accrued by the Corporation. In addition, the proposed settlement provides, among other things, an agreement by MESC to provide energy to the Corporation's Mobile tissue mill at market rates.

In August 2000, the Debtors filed a plan of reorganization with the Court that would implement the settlement agreement. During the fourth quarter of 2000, several crucial elements of the Debtors' plan became no longer viable. As a result, the Debtors have sought and received from the Court and the Corporation several extensions of deadlines contained in the settlement agreement.

Because of uncertainty involving the Debtors' business plans, the settlement agreement may not be finalized and approved by the Court. Consequently, the Corporation has developed contingency plans to minimize or avoid disruption to its Mobile operations in the event that MESC is unable or unwilling to supply energy to the Mobile tissue mill. If the settlement agreement is not finalized, the litigation and arbitration proceedings between the Corporation and the Debtors could resume. The outcome of the MESC litigation, arbitration and settlement is not expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

K-C Aviation Inc.

In August 1998, the Corporation completed the sale of its subsidiary, K-C Aviation Inc., for \$250 million in cash. The sale resulted in a pretax gain of \$140.0 million, which was included in other (income) expense, net. The transaction resulted in an after-tax gain of \$78.3 million, or \$.14 per share.

LITIGATION

On May 13, 1997, the State of Florida, acting through its attorney general, filed a complaint in the Gainesville Division of the United States District Court for the Northern District of Florida alleging that manufacturers of tissue products for away-from-home use, including the Corporation and Scott, agreed to fix prices by coordinating price increases for such products. Following Florida's complaint, similar actions by the States of Maryland, New York and West Virginia, as well as approximately 45 class action complaints, were filed in various federal and state courts around the United States.

The actions by the States of Florida, Maryland, New York and West Virginia, the private plaintiffs in Minnesota and the federal private class action plaintiffs were dismissed with prejudice pursuant to settlements with defendants. A settlement was reached in the California class action litigation and was preliminarily approved by the judge in December 2000. With respect to the only remaining litigation, filed in Tennessee on behalf of a purported class of indirect purchasers of commercial products, the Corporation has answered the complaint and has denied the allegations contained therein as well as any liability.

On February 8, 2000, the Corporation completed the acquisition of Safeskin. Approximately 300 product liability lawsuits seeking monetary damages, in most cases of an unspecified amount, were pending in federal and state courts against Safeskin. Safeskin is typically one of several defendants who manufacture or sell natural rubber latex gloves. These lawsuits allege injuries ranging from dermatitis to severe allergic reactions caused by the residual chemicals or latex proteins in gloves worn by health care workers and other individuals while performing their duties. Safeskin has referred the defense of these lawsuits to its insurance carriers.

Since March 11, 1999, numerous lawsuits (collectively the "Securities Actions") have been filed in the U.S. District Court for the Southern District of California against Safeskin and certain of its officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Securities Actions were brought by plaintiffs in their individual capacity and on behalf of a purported class of persons who purchased or otherwise acquired Safeskin publicly traded securities during various periods occurring prior to the Corporation's acquisition of Safeskin. The suits allege that plaintiffs purchased Safeskin securities at prices artificially inflated by defendants' misrepresentations and omissions concerning Safeskin's financial condition and prospects and seek an unspecified amount of damages. Defendants' motion to dismiss was denied and discovery is proceeding.

In addition, a shareholder derivative action has been filed against certain of Safeskin's directors, and Safeskin as a nominal defendant, in the Supreme Court of the State of California, San Diego County (the "Derivative Action"). The Derivative Action alleges breach of fiduciary duty, waste of corporate assets and gross negligence in connection with Safeskin's stock repurchase program and seeks an unspecified amount of damages. The court has stayed discovery in the Derivative Action so that it can be coordinated with discovery in the Securities Actions. Safeskin has referred the defense of the Derivative Action and the Securities Actions to its insurance carriers.

On April 14, 2000, a complaint was filed against Kimberly-Clark Tissue Company (formerly known as Scott Paper Company) ("KCTC") and others in State of Maine Superior Court. Nineteen plaintiffs seek compensation for injuries allegedly caused by exposure to substances emitted by the defendants' mills, including two former KCTC mills, and from the Central Maine Disposal Landfill in Fairfield, Maine.

NOTE 12. (Continued)

The Corporation intends to contest the foregoing claims vigorously and, in management's opinion, they are not, individually or in the aggregate, expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

The Corporation 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, financial condition or results of operations.

ENVIRONMENTAL MATTERS

The Corporation has been named a potentially responsible party under the provisions of the federal Comprehensive Environmental Response, Compensation and Liability Act, or analogous state statute, at a number of waste disposal sites, none of which, individually or in the aggregate, in management's opinion, is likely to have a material adverse effect on the Corporation's business, financial condition or results of operations.

(Millions of dollars, except per share amounts)	2000				1999			
	FOURTH(A)	THIRD(B)	SECOND(C)	FIRST(D)	Fourth(e)	Third(f)	Second(g)	First(h)
Net sales	\$3,600.8	\$3,529.5	\$3,464.5	\$3,387.2	\$3,425.5	\$3,307.5	\$3,148.6	\$3,125.2
Gross profit	1,483.4	1,431.4	1,432.4	1,406.3	1,409.0	1,345.9	1,297.0	1,273.3
Operating profit	674.7	642.1	638.3	678.7	602.5	719.0	569.3	544.6
Net income	455.7	440.4	434.3	470.2	424.0	478.4	391.1	374.6
Per share basis:								
Basic . . . . .	.85	.82	.80	.86	.78	.90	.73	.70
Diluted . . . . .	.85	.81	.79	.86	.77	.89	.73	.69
Cash dividends declared per share . . . . .	.27	.27	.27	.27	.26	.26	.26	.26
Market price per share:								
High	73.25	61.81	62.94	68.13	69.56	62.19	64.06	54.88
Low	53.63	49.94	53.00	42.00	50.81	52.13	48.00	44.81
Close	70.69	55.81	57.56	56.06	65.44	52.75	57.00	47.94

(a) Included in the fourth quarter 2000 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share	
				Basic	Diluted
Charges for business improvement and other programs	\$5.8	\$ 5.8	\$ 4.0		
Business integration and other costs	1.2	9.6	7.0		
Litigation settlements	-	.6	.3		
Total	\$7.0	\$16.0	\$11.3	\$.03	\$.02

(b) Included in the third quarter 2000 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share	
				Basic	Diluted
Charges for business improvement and other programs	\$4.1	\$ 5.5	\$ 3.6		
Business integration and other costs . . . . .	.2	5.7	3.5		
Litigation settlements	-	14.6	9.0		
Total	\$4.3	\$25.8	\$16.1	\$.03	\$.03

(c) Included in the second quarter 2000 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share	
				Basic	Diluted
Charges for business improvement and other programs	\$4.2	\$ 5.6	\$3.8		
Business integration and other costs . . . . .	.5	5.6	3.5		
Total	\$4.7	\$11.2	\$7.3	\$.01	\$.02

NOTE 13. (continued)

(d) Included in the first quarter 2000 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share	
				Basic	Diluted
Charges for business improvement and other programs	\$ 6.1	\$ 7.5	\$ 5.0		
Business integration and other costs	8.2	14.2	9.0		
Patent settlement and accrued liability reversal	-	(75.8)	(46.5)		
Total	<u>\$14.3</u>	<u>\$(54.1)</u>	<u>\$(32.5)</u>	<u>\$(.06)</u>	<u>\$(.06)</u>

(e) Included in the fourth quarter 1999 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share	
				Basic	Diluted
Charges for business improvement and other programs	\$ 8.5	\$(.2)	\$2.4		
Business integration and other costs	1.8	9.2	6.1		
Total	<u>\$10.3</u>	<u>\$9.0</u>	<u>\$8.5</u>	<u>\$.02</u>	<u>\$.02</u>

(f) Included in the third quarter 1999 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share	
				Basic	Diluted
Charges for business improvement and other programs	\$36.2	\$ 19.4	\$ 13.4		
Business integration and other costs	9.4	13.4	8.4		
Gain on asset disposal	-	(153.3)	(95.7)		
Total	<u>\$45.6</u>	<u>\$(120.5)</u>	<u>\$(73.9)</u>	<u>\$(.14)</u>	<u>\$(.14)</u>

(g) Included in the second quarter 1999 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share	
				Basic	Diluted
Charges for business improvement and other programs	\$ 5.8	\$ 5.8	\$ 4.4		
Mobile pulp mill fees and related severance	9.0	9.0	5.6		
Gains on asset disposals	-	(23.4)	(16.6)		
Total	<u>\$14.8</u>	<u>\$(8.6)</u>	<u>\$(6.6)</u>	<u>\$(.01)</u>	<u>\$(.01)</u>

(h) Gross profit, operating profit, net income and basic and diluted net income per share in the first quarter 1999 includes \$18.5 million, \$22.8 million, \$15.4 million and \$.03, respectively, related to the charges

for business improvement and other programs.

NOTE 14. SUPPLEMENTAL DATA (Millions of dollars)

SUPPLEMENTAL BALANCE SHEET DATA

	December 31	
Summary of Accounts Receivable	2000	1999

Accounts Receivable:		
From customers	\$1,683.9	\$1,492.3
Other	198.8	179.9
Less allowance for doubtful accounts and sales discounts	(73.1)	(71.6)
Total	\$1,809.6	\$1,600.6
	=====	=====

Accounts receivable are carried at amounts that approximate fair value.

In June 2000, \$220 million of long-term notes receivable, previously classified as other assets, were transferred for cash to a noncontrolled special purpose entity in which the Corporation has a minority voting interest.

	December 31	
Summary of Inventories	2000	1999

Inventories by Major Class:		
At the lower of cost on the FIFO method, weighted-average cost method or market:		
Raw materials	\$ 387.2	\$ 342.3
Work in process	159.1	171.2
Finished goods	840.1	713.4
Supplies and other	220.0	215.4
	1,606.4	1,442.3
Excess of FIFO cost over LIFO cost	(216.0)	(202.4)
Total	\$1,390.4	\$1,239.9
	=====	=====

Total inventories include \$444.1 million and \$399.2 million of inventories valued on the LIFO method at December 31, 2000 and 1999, respectively.

	December 31	
Summary of Accrued Expenses	2000	1999

Accruals for the 1998 and 1997 Plans	\$ 8.3	\$ 24.5
Accrued advertising and promotion expense	214.1	277.8
Accrued salaries and wages	428.7	392.8
Other accrued expenses	588.7	617.0
Total accrued expenses	\$1,239.8	\$1,312.1
	=====	=====

Summary of Accrued Consumer Coupon Redemption Costs

Balance, December 31, 1999	\$ 58.7
Additions charged to expense	158.8
Payments	(136.1)
Changes in estimates	(26.6)
Currency rate changes	(.8)

Balance, December 31, 2000	\$ 54.0
	=====

SUPPLEMENTAL CASH FLOW STATEMENT DATA

Summary of Cash Flow Effects of (Increase) Decrease in Operating Working Capital(a)

	Year Ended December 31		
	2000	1999	1998
Accounts receivable.....	\$ (88.8)	\$ (10.3)	\$ 87.5
Inventories.....	(49.0)	111.2	(.4)
Prepaid expenses.....	10.4	28.0	14.2
Trade accounts payable.....	(2.4)	41.1	(101.2)
Other payables.....	24.5	(98.4)	41.0
Accrued expenses.....	(116.3)	(147.3)	(116.3)
Accrued income taxes.....	(77.4)	34.9	130.8
Currency rate changes.....	(39.3)	(20.7)	8.0
	-----	-----	-----
(Increase) decrease in operating working capital.....	\$ (338.3)	\$ (61.5)	\$ 63.6
	=====	=====	=====

(a) Excludes the effects of acquisitions, dispositions and the business improvement and other programs discussed in Note 2 to the Consolidated Financial Statements.

	Year Ended December 31		
	2000	1999	1998
Other Cash Flow Data			
Reconciliation of changes in cash and cash equivalents:			
Balance, January 1.....	\$ 322.8	\$144.0	\$ 90.8
(Decrease)/Increase.....	(116.3)	178.8	53.2
	-----	-----	-----
Balance, December 31.....	\$ 206.5	\$322.8	\$144.0
	=====	=====	=====
Interest paid.....	\$ 233.1	\$227.1	\$192.1
Income taxes paid.....	783.2	557.8	368.6
Increase (decrease) in cash and cash equivalents due to currency rate changes.....	11.4	.1	2.4

	Year Ended December 31		
	2000	1999	1998
Interest Expense			

Gross interest cost.....	\$242.7	\$226.0	\$211.1
Capitalized interest on major construction projects.....	(20.9)	(12.9)	(12.4)
	-----	-----	-----
Interest expense.....	\$221.8	\$213.1	\$198.7
	=====	=====	=====

NOTE 15. BUSINESS SEGMENT AND GEOGRAPHIC DATA INFORMATION

The Corporation is organized into three global business segments as follows:

- - The Tissue segment manufactures and markets facial and bathroom tissue, paper towels, wipers and napkins for household and away-from-home use; wet wipes; printing, premium business and correspondence papers; and related products. Products in this segment are sold under the Kleenex, Scott, Kimberly-Clark, Kleenex Cottonelle, Kleenex Viva, Huggies, Kimwipes, WypAll, Surpass and other brand names.
- - The Personal Care segment manufactures and markets disposable diapers, training and youth pants and swimpants; feminine and incontinence care products; and related products. Products in this segment are primarily for household use and are sold under a variety of well-known brand names, including Huggies, Pull-Ups, Little Swimmers, GoodNites, Kotex, Lightdays, Depend, Poise and other brand names.
- - The Health Care and Other segment manufactures and markets health care products such as surgical gowns, drapes, infection control products, sterilization wraps, disposable face masks and exam gloves, respiratory products, and other disposable medical products; specialty and technical papers; and other products. Products in this segment are sold under the Kimberly-Clark, Safeskin, Tecnol, Ballard and other brand names.

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

CONSOLIDATED OPERATIONS BY BUSINESS SEGMENT

(Millions of dollars)	Net Sales			Operating Profit(a)		
	2000	1999	1998	2000	1999	1998
Tissue.....	\$ 7,303.2	\$ 6,968.8	\$ 6,733.1	\$1,305.0	\$1,114.1	\$ 921.3
Personal Care.....	5,437.6	5,138.1	4,596.5	1,136.7	1,092.8	588.7
Health Care and Other....	1,291.0	936.4	1,001.5	186.1	154.3	161.2
Combined.....	14,031.8	13,043.3	12,331.1	2,627.8	2,361.2	1,671.2
Intersegment sales.....	(49.8)	(36.5)	(33.3)	-	-	-
Unallocated - net(b).....	-	-	-	6.0	74.2	26.5
Consolidated.....	<u>\$13,982.0</u>	<u>\$13,006.8</u>	<u>\$12,297.8</u>	<u>\$2,633.8</u>	<u>\$2,435.4</u>	<u>\$1,697.7</u>

(Millions of dollars)	Assets			Depreciation			Capital Spending		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Tissue.....	\$ 6,773.3	\$ 6,096.6	\$ 5,870.8	\$345.9	\$359.6	\$341.5	\$ 682.2	\$482.2	\$345.6
Personal Care.....	3,667.7	3,234.8	3,138.7	200.9	195.8	220.0	410.7	260.7	290.4
Health Care and Other.....	2,583.3	1,679.0	951.1	43.7	29.8	31.8	74.8	43.0	31.2
Combined.....	13,024.3	11,010.4	9,960.6	590.5	585.2	593.3	1,167.7	785.9	667.2
Unallocated assets(c).....	1,455.5	1,805.1	1,727.2	1.2	1.0	1.2	2.6	.5	2.3
Consolidated.....	<u>\$14,479.8</u>	<u>\$12,815.5</u>	<u>\$11,687.8</u>	<u>\$591.7</u>	<u>\$586.2</u>	<u>\$594.5</u>	<u>\$1,170.3</u>	<u>\$786.4</u>	<u>\$669.5</u>

NOTE 15. (Continued)

(a) Included in Business Segment operating profit are the following unusual items:

(Millions of dollars)	2000				Total
	Tissue	Personal Care	Health Care and Other	Unallocated	
Charges for business improvement and other programs.....	\$20.2	\$4.2	\$ -	\$ -	\$ 24.4
Business integration and other costs.....	14.6	1.0	19.5	-	35.1
Patent settlement and accrued liability reversal...	-	-	-	(75.8)	(75.8)
Litigation settlements.....	-	-	-	15.2	15.2
Total.....	\$34.8	\$5.2	\$19.5	\$(60.6)	\$ (1.1)

(Millions of dollars)	1999				Total
	Tissue	Personal Care	Health Care and Other	Unallocated	
Charges for business improvement and other programs.....	\$31.8	\$16.3	\$1.4	\$ (1.7)	\$ 47.8
Business integration and other costs.....	16.4	-	6.2	-	22.6
Mobile pulp mill fees and related severance.....	9.0	-	-	-	9.0
Gains on asset disposals.....	-	-	-	(176.7)	(176.7)
Total.....	\$57.2	\$16.3	\$7.6	\$(178.4)	\$ (97.3)

(Millions of dollars)	1998				Total
	Tissue	Personal Care	Health Care and Other	Unallocated	
Charges for business improvement and other programs.....	\$172.1	\$196.6	\$12.5	\$ (3.4)	\$377.8
Mobile pulp mill fees and related severance.....	42.3	-	-	-	42.3
Gain on asset disposal.....	-	-	-	(140.0)	(140.0)
Total.....	\$214.4	\$196.6	\$12.5	\$(143.4)	\$280.1

(b) Consists of other income (expense), net and expenses not associated with the business segments.

(c) Includes investments in equity companies of \$798.8 million, \$863.1 million and \$813.1 million in 2000, 1999 and 1998, respectively.

CONSOLIDATED OPERATIONS BY GEOGRAPHIC AREA

(Millions of dollars)	Net Sales			Operating Profit(a)		
	2000	1999	1998	2000	1999	1998
United States.....	\$ 9,059.4	\$ 8,392.5	\$ 7,992.8	\$1,937.1	\$1,821.9	\$1,407.2

NOTE 15. (Continued)

(Millions of dollars)	Assets		
	2000	1999	1998
United States.....	\$ 7,599.9	\$ 6,363.1	\$ 5,807.4
Canada.....	517.0	497.5	470.0
Intergeographic items.....	(79.4)	(79.0)	(52.6)
North America.....	8,037.5	6,781.6	6,224.8
Europe.....	2,447.3	2,404.1	2,133.2
Asia, Latin America, Africa and Middle East.....	2,676.0	1,960.7	1,714.9
Combined	13,160.8	11,146.4	10,072.9
Intergeographic items.....	(136.5)	(136.0)	(112.3)
Unallocated assets - net(d).....	1,455.5	1,805.1	1,727.2
Consolidated.....	\$14,479.8	\$12,815.5	\$11,687.8

(a) Included in geographic operating profit are the following unusual items:

(Millions of dollars)	2000					
	U.S.	Canada	Europe	Asia, Latin America, Africa and Middle East	Unallocated	Total
Charges for business improvement and other programs.....	\$ 6.1	\$1.1	\$17.2	\$-	\$ -	\$ 24.4
Business integration and other costs.....	28.8	.3	6.0	-	-	35.1
Patent settlement and accrued liability reversal.....	-	-	-	-	(75.8)	(75.8)
Litigation settlements.....	-	-	-	-	15.2	15.2
Total.....	\$34.9	\$1.4	\$23.2	\$-	\$(60.6)	\$ (1.1)

(Millions of dollars)	1999					
	U.S.	Canada	Europe	Asia, Latin America, Africa and Middle East	Unallocated	Total
Charges for business improvement and other programs.....	\$20.5	\$5.6	\$31.3	\$(7.9)	\$ (1.7)	\$ 47.8
Business integration and other costs.....	17.4	-	5.2	-	-	22.6
Mobile pulp mill fees and related severance.....	9.0	-	-	-	-	9.0
Gains on asset disposals.....	-	-	-	-	(176.7)	(176.7)
Total.....	\$46.9	\$5.6	\$36.5	\$(7.9)	\$(178.4)	\$ (97.3)

1998

(Millions of dollars)	U.S.	Canada	Europe	Asia, Latin America, Africa and Middle East	Unallocated	Total
Charges for business improvement and other programs.....	\$213.9	\$(7.9)	\$162.8	\$12.4	\$ (3.4)	\$ 377.8
Mobile pulp mill fees and related severance.....	42.3	-	-	-	-	42.3
Gain on asset disposal.....	-	-	-	-	(140.0)	(140.0)
	-----	-----	-----	-----	-----	-----
Total.....	\$256.2	\$(7.9)	\$162.8	\$12.4	\$(143.4)	\$ 280.1
	=====	=====	=====	=====	=====	=====

NOTE 15. (Continued)

- (b) Net sales include \$409.2 million, \$287.6 million and \$255.9 million by operations in Canada to the U.S. in 2000, 1999 and 1998, respectively.
- (c) Consists of other income (expense), net and expenses not associated with geographic areas.
- (d) Includes investments in equity companies of \$798.8 million, \$863.1 million and \$813.1 million in 2000, 1999 and 1998, respectively.

EQUITY COMPANIES' DATA BY GEOGRAPHIC AREA

(Millions of dollars)	Net Sales	Gross Profit	Operating Profit	Net Income	Kimberly-Clark's Share of Net Income

For the year ended:					
December 31, 2000					
Latin America.....	\$1,902.5	\$730.2	\$514.7	\$339.1	\$158.5
Asia, Australia and Middle East(a)...	602.1	242.1	88.9	56.9	27.9
	-----	-----	-----	-----	-----
Total.....	\$2,504.6	\$972.3	\$603.6	\$396.0	\$186.4
	=====	=====	=====	=====	=====
For the year ended:					
December 31, 1999					
Latin America(b).....	\$1,611.6	\$638.9	\$477.7	\$334.1	\$154.0
Asia, Australia and Middle East....	714.0	263.1	98.6	73.4	35.6
	-----	-----	-----	-----	-----
Total.....	\$2,325.6	\$902.0	\$576.3	\$407.5	\$189.6
	=====	=====	=====	=====	=====
For the year ended:					
December 31, 1998					
Latin America(c).....	\$1,606.8	\$574.4	\$344.5	\$245.5	\$113.5
Asia, Australia and Middle East...	666.9	236.6	81.8	49.1	23.6
	-----	-----	-----	-----	-----
Total.....	\$2,273.7	\$811.0	\$426.3	\$294.6	\$137.1
	=====	=====	=====	=====	=====

- (a) As of March 31, 2000, the Corporation consolidated Hogla-Kimberly Limited, its Israeli affiliate, in which the Corporation made an additional investment to gain majority ownership.
- (b) As of January 1, 1999, the Corporation consolidated Colombiana Kimberly Colpapel S.A., its Colombian affiliate, in which the Corporation made an additional investment in late 1998 to gain majority ownership of certain equity affiliates.
- (c) Operating profit, net income and Kimberly-Clark's share of net income includes a loss of \$38.9 million, \$19.8 million and \$9.2 million, respectively, related to the change in the value of the Mexican peso. In May 1998, the Corporation acquired 50 percent of Klabin Tissue, S.A., the leading tissue manufacturer in Brazil.

NOTE 15. (Continued)

(Millions of dollars)	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Stock- holders' Equity
December 31, 2000					
Latin America.....	\$ 846.6	\$1,172.0	\$496.7	\$382.7	\$1,139.2
Asia, Australia and Middle East	163.9	270.7	92.7	151.1	190.8
Total.....	\$1,010.5	\$1,442.7	\$589.4	\$533.8	\$1,330.0
December 31, 1999					
Latin America	\$ 860.6	\$1,076.4	\$428.8	\$400.9	\$1,107.3
Asia, Australia and Middle East	254.0	391.7	143.3	194.1	308.3
Total.....	\$1,114.6	\$1,468.1	\$572.1	\$595.0	\$1,415.6
December 31, 1998					
Latin America.....	\$ 785.5	\$1,170.7	\$575.0	\$154.0	\$1,227.2
Asia, Australia and Middle East	239.2	359.1	129.5	173.8	295.1
Total.....	\$1,024.7	\$1,529.8	\$704.5	\$327.8	\$1,522.3

Equity companies are principally engaged in operations in the Tissue and Personal Care businesses.

KCM is partially owned by the public and its stock is publicly traded in Mexico. At December 31, 2000, the Corporation's investment in this equity company was \$455.3 million, and the estimated fair value of the investment was \$1.7 billion based on the market price of 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 sheets of Kimberly-Clark Corporation and Subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. 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 auditing standards generally accepted in the United States of America. 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 present fairly, in all material respects, the financial position of Kimberly-Clark Corporation and Subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

- - - - -

Deloitte & Touche LLP

Dallas, Texas

January 23, 2001

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 consolidated financial statements in this annual report. The consolidated 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 consolidated 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 that 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 also has adopted a code of conduct that, among other things, contains policies for conducting business affairs in a lawful and ethical manner everywhere 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 consolidated financial statements have been audited by the independent accounting firm, Deloitte & Touche LLP. During their audits, 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 that are cost effective.

The Corporation has assessed its internal control system as of December 31, 2000, 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, 2000, its system of internal control over the preparation of its published interim and annual consolidated financial statements and over safeguarding of assets against unauthorized acquisition, use or disposition met those criteria.

/s/ Wayne R. Sanders

/s/ Thomas J. Falk

/s/ John W. Donehower

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

Thomas J. Falk
President and
Chief Operating Officer

John W. Donehower
Senior Vice President and
Chief Financial Officer

January 23, 2001

ADDITIONAL INFORMATION

Transfer Agent, Registrar and Dividend Disbursing Agent

Fleet National Bank is the Transfer Agent, Registrar and Dividend Disbursing Agent for the Company's common stock and is responsible for maintaining shareholder account records. Inquiries regarding dividend payments, lost certificates, IRS Form 1099, changes in address, name or ownership, or information regarding Kimberly-Clark's Dividend Reinvestment and Stock Purchase Plan should be addressed to:

Fleet National Bank
c/o EquiServe
P.O. Box 43010
Providence, RI 02940-3010
Telephone: 800-730-4001
Internet: <http://www.equiserve.com>

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 Fleet National Bank 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.

Annual Meeting of Stockholders

The Annual Meeting of Stockholders will be held at the Company's World Headquarters, 351 Phelps Drive, Irving, Texas, at 11:00 a.m. on Thursday, April 26, 2001.

Investor Relations

Securities analysts, portfolio managers and representatives of institutional investors seeking information about the Company should contact Michael D. Masseith, Vice President - Investor Relations, at 972-281-1478. Investors may also obtain information about Kimberly-Clark and copies of documents released by the Company by calling 800-639-1352.

Calendar

Kimberly-Clark's fiscal year ends December 31. The annual report is distributed in March.

SEC Form 10-K and Other Information/Company Web Site

Stockholders and others will find the Company's financial information, press releases and other information on the Company's Web site at www.kimberly-clark.com. There is a direct link from the Web site to the Securities and Exchange Commission (SEC) filings via the EDGAR database, including Forms 10-K, 10-Q and 8-K. Stockholders may contact Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606 or call 972-281-1521 to obtain a hard copy of these reports without charge.

Employees and Stockholders

In its worldwide consolidated operations, Kimberly-Clark had 66,300 employees as of December 31, 2000. Equity companies had an additional 11,700 employees. The Corporation had 48,516 stockholders of record and 533.4 million shares of common stock outstanding as of the same date.

Trademarks

The brand names mentioned in this report - Andrex, Ballard, Classic Crest, Cottonelle, Cottonelle Fresh, Depend, DryNites, GoodNites, Huggies, Just for Me, Kimberly-Clark, KimGuard, KimTech, Kimwipes, KleenBebe, Kleenex, Kotex, Lightdays, Lines, Little Swimmers, Neve, Parentstages.com, Poise, Popee, Pull-Ups, Safeskin, Scott, Scottex, Scottfold, Splash 'n Go!, Surpass, Tecnol, Viva and WypAll - are trademarks of Kimberly-Clark Corporation or its affiliates.

CONSOLIDATED SUBSIDIARIES AND EQUITY COMPANIES
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

The following list includes certain companies that were owned directly or indirectly by Kimberly-Clark Corporation, a Delaware corporation, Dallas, Texas, as of December 31, 2000.

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

Consolidated Subsidiaries

Avent, Inc. and subsidiaries (Delaware), Tucson, Arizona
Ballard Medical Products and subsidiaries, Draper, Utah
Colombiana Kimberly Colpapel S.A. and subsidiaries, Medellin, Colombia(69%)
Hakle-Kimberly Switzerland GmbH and subsidiaries, Reichenburg, Switzerland
Hakle-Kimberly Deutschland GmbH and subsidiaries, Koblenz, Germany
Hogla-Kimberly, Limited and subsidiaries, Hadera, Israel(50.1%)
Housing Horizons, LLC, Dallas, Texas
Kimberly Bolivia S.A., Santa Cruz, Bolivia(35%)
Kimberly-Clark Argentina Holdings S.A. and subsidiaries, Buenos Aires, Argentina
Kimberly-Clark a.s., Czech Republic
Kimberly-Clark Australia Holdings Pty. Ltd. and subsidiaries, Milsons Point, Australia
Kimberly-Clark B.V., Ede, The Netherlands
Kimberly-Clark CBG Hygienic Products Company Limited, Chengdu, Handan, Kunming and Nanjing, China
Kimberly-Clark Canada Inc. and subsidiaries, Mississauga, Ontario, Canada
Kimberly-Clark Central American Holdings, S.A., Panama(81%)
Kimberly-Clark de Centro America, S.A. and subsidiaries, Sitio del Ni o, El Salvador(81%)
Kimberly-Clark Chile, S.A., Santiago, Chile(60%)
Kimberly-Clark do Brasil Limitada and subsidiaries, Sao Paulo, Brazil
Kimberly-Clark Ecuador S.A., Quito, Ecuador(69%)
Kimberly-Clark Holding Ltd. and subsidiaries, Kent, United Kingdom
Kimberly-Clark (Hong Kong) Limited, Kowloon, Hong Kong
Kimberly-Clark International, S.A., Panama City, Panama
Kimberly-Clark Japan Limited, Tokyo, Japan
Kimberly-Clark Kenko Industria e Comercio Ltda. and subsidiaries, Sao Paulo, Brazil(70%)
Kimberly-Clark Lda., Lisbon, Portugal
Kimberly-Clark Luxembourg S.A.R.L. and subsidiaries, Luxembourg
Kimberly-Clark Malaysia Sendirian Berhad, Petaling Jaya, Malaysia
Kimberly-Clark N.V., Duffel, Belgium
Kimberly-Clark ooo, Moscow, Russia
Kimberly-Clark Paper (Guangzhou) Company Ltd., Guangzhou, China
Kimberly-Clark Paper (Shanghai), Ltd., Shanghai, China
Kimberly-Clark Paraguay, S.A., Asuncion, Paraguay(92%)
Kimberly-Clark Personal Hygienic Products Co., Ltd., Beijing, China
Kimberly-Clark Personal Hygienic Products (Nanjing) Co., Ltd., Nanjing, China
Kimberly-Clark Peru S.A., Lima, Peru(33%)
Kimberly-Clark Philippines Inc., Makati, Philippines(87%)
Kimberly-Clark Poland Sp. z o.o, Warsaw, Poland
Kimberly-Clark Printing Technology, Inc.(California) and subsidiaries, Roswell, Georgia
Kimberly-Clark Products Malaysia) Sdn. Bhd., Kluang, Malaysia
Kimberly-Clark Pudumjee Limited, Pune, India(51%)
Kimberly-Clark Puerto Rico, Inc. (Delaware), San Juan, Puerto Rico
Kimberly-Clark,S.L. and subsidiaries, Madrid, Spain
Kimberly-Clark - SID, S.A., Dominican Republic(80%)
Kimberly-Clark Singapore Pte. Ltd., Singapore
Kimberly-Clark S.N.C., Saint Cloud, France
Kimberly-Clark Southern Africa(Holdings) (Pty) Ltd. and subsidiaries, Johannesburg, South Africa(50% plus one share)
Kimberly-Clark S.p.A. and subsidiaries, Turin, Italy
Kimberly-Clark Technical Paper, Inc. (New Hampshire), East Ryegate, Vermont
Kimberly-Clark Thailand Limited, Bangkok, Thailand
Kimberly-Clark Tissue Company (Pennsylvania), Dallas, Texas
Kimberly-Clark Ukraine LLC, Kiev, Ukraine
Kimberly-Clark Uruguay, S.A., Montevideo, Uruguay
Kimberly-Clark Venezuela, C.A., Caracas, Venezuela(69%)
Kimberly-Clark Vietnam Co., Ltd., Hanoi, Vietnam
Kimberly-Clark Worldwide, Inc. (Delaware), Dallas, Texas
KIMNICA, S.A., Managua, Nicaragua(81%)
Ovisan Turkey, Pendik, Turkey(50.1%)
Papeles Absorbentes, S.A., Guatemala City, Guatemala(75%)
P.T. Kimberly-Lever Indonesia, Jakarta Utara, Indonesia(50% plus one share)
S-K Corporation, Taipei, Taiwan
Safeskin Corporation and subsidiaries (Florida), San Diego, California
Scott Paper Company de Costa Rica, S.A. and subsidiaries, San Jos , Costa Rica (81%)
Scott Paper Company - Honduras, S.A. de C.V., San Pedro, Honduras(81%)
Scott, S.A. and subsidiaries, Saint Cloud, France
Taiwan Scott Paper Corporation, Taipei, Taiwan
Tecnol, Inc. and subsidiaries (Delaware), Fort Worth, Texas
YuHan-Kimberly, Limited, Seoul, Korea(70%)

Equity Companies

KCK Tissue S.A., Buenos Aires, Argentina(50%)
Kimberly-Clark Australia Pty. Limited, Milsons Point, New South Wales,
Australia(50%)
Kimberly-Clark Lever, Ltd., Pune, India(50%)
Kimberly-Clark de Mexico, S.A. de C.V. and subsidiaries, Mexico City, Mexico
(47.9%)
Klabin Kimberly S.A., Sao Paulo, Brazil (50%)
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%)
Tecnosur S.A., Colombia(34%)

KIMBERLY-CLARK CORPORATION:

We consent to the incorporation by reference in Kimberly-Clark Corporation's Registration Statements on Form S-8 (Nos. 33-5299, 33-49050, 33-58402, 33-64063, 33-64689, 33-64931, 333-02607, 333-06996, 333-17367, 333-38385, 333-43647, 333-71661, 333-94139, 333-85099, and 333-51922) and on Form S-3 (Nos. 33-52343, 333-45399 and 333-68903) of our reports dated January 23, 2001 appearing in and incorporated by reference in this Annual Report on Form 10-K of Kimberly-Clark Corporation.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Dallas, Texas
March 21, 2001

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, 2000, 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 22nd day of February, 2001.

/s/ John F. Bergstrom

John F. Bergstrom

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, her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her 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, 2000, 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 she 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 22nd day of February, 2001.

/s/ Pastora San Juan Cafferty

Pastora San Juan Cafferty

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, 2000, 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 22nd day of February, 2001.

/s/ Paul J. Collins

Paul J. Collins

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, 2000, 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 22nd day of February, 2001.

/s/ Robert W. Dechard

Robert W. Dechard

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, 2000, 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 22nd day of February, 2001.

/s/ Thomas J. Falk

Thomas J. Falk

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, 2000, 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 22nd day of February, 2001.

/s/ William O. Fifield

William O. Fifield

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, 2000, 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 22nd day of February, 2001.

/s/ Claudio X. Gonzalez

Claudio X. Gonzalez

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, 2000, 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 22nd day of February, 2001.

/s/ Marc J. Shapiro

Marc J. Shapiro

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, 2000, 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 22nd day of February, 2001.

/s/ Frank A. McPherson

Frank A. McPherson

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, her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her 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, 2000, 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 she 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 22nd day of February, 2001.

/s/ Linda Johnson Rice

Linda Johnson Rice

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, 2000, 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 22nd day of February, 2001.

/s/ Wayne R. Sanders

Wayne R. Sanders

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, 2000, 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 22nd day of February, 2001.

/s/ Wolfgang R. Schmitt

Wolfgang R. Schmitt

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, 2000, 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 22nd day of February, 2001.

/s/ Randall L. Tobias

Randall L. Tobias