

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, 1996
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; Preferred Share Purchase Rights	New York Stock Exchange Chicago Stock Exchange Pacific Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

As of March 14, 1997, 279,744,614 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 \$ 29.5 billion.

FACING SHEET

DOCUMENTS INCORPORATED BY REFERENCE

Kimberly-Clark Corporation's 1996 Annual Report to Stockholders and 1997 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 1996 Annual Report to Stockholders and 1997 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

1996 Annual Report to Stockholders
(Year ended December 31, 1996)

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PART II

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PART I

ITEM 1. BUSINESS

Kimberly-Clark Corporation was incorporated in Delaware in 1928. As used in Items 1, 2 and 7 of this Form 10-K, the term "Corporation" refers to Kimberly-Clark Corporation and its consolidated subsidiaries. In the remainder of this Form 10-K, the terms "Kimberly-Clark" or "Corporation" refer 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 16 to the Financial Statements contained in the 1996 Annual Report to Stockholders, are incorporated in this Item 1 by reference.

RECENT DEVELOPMENTS. Prior to 1992, the Corporation was a widely diversified enterprise engaged in the manufacture and sale of consumer products, paper and forest products, airline services and various other businesses. In recent years, the Corporation has been undergoing a transition to a global consumer products company based on the strategy of building on its core technologies, well-known trademarks and consumer product franchises. Those businesses that did not, or could not, build on these strengths were candidates for divestiture. Those businesses that fit into the Corporation's strategy were candidates for further investment and support. Outside businesses that were perceived as opportunities consistent with the strategy were candidates for acquisition. As a result, the Corporation has completed a number of recent transactions.

On September 27, 1995, the Corporation sold 80 percent of the outstanding shares of Midwest Express Holdings, Inc. ('MEH'), the parent company of Midwest Express Airlines Inc. and Astral Aviation, Inc., in an initial public offering. The Corporation's remaining 20 percent interest in MEH was sold on May 30, 1996.

On November 30, 1995, Kimberly-Clark distributed to its stockholders all of the outstanding shares of common stock of Schweitzer-Mauduit International, Inc. ('SMI'). SMI was formed in 1995 to facilitate the spin-off of Kimberly-Clark's tobacco related paper and other specialty paper products businesses conducted in the United States, France and Canada.

On December 12, 1995, Scott Paper Company ('Scott') became a wholly-owned subsidiary of Kimberly-Clark upon consummation of a merger transaction in which each Scott common share outstanding immediately prior to the effective time of the merger (other than shares owned by Kimberly-Clark or Scott, which shares were canceled) was converted into .78 of a share of common stock of Kimberly-Clark. On February 14, 1996, Scott changed its name to Kimberly-Clark Tissue Company.

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.

Justice Department as part of the Scott merger.

On July 31, 1996, the Corporation sold Scott's Fort Edward, New York tissue mill and licensed the Scotties facial tissue brand name to Irving Tissue, Inc., a privately-held Canadian company. This divestiture was required by the U.S. Justice Department as part of the Scott merger.

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 November 22, 1996, the Corporation sold its Lakeview tissue mill in Neenah, Wisconsin to American Tissue Mills of Neenah, LLC. This divestiture was required by the U.S. Justice Department as part of the Scott merger.

On February 14, 1997, the Corporation signed an agreement with Alliance Forest Products Inc., a publicly held Canadian corporation ('Alliance'), pursuant to which the Corporation agreed to sell its Coosa Pines, Alabama pulp and newsprint operations, and related woodlands, to Alliance for approximately \$600 million in cash. The transaction, which is subject to the completion of financing by Alliance, and other customary conditions, is expected to close on March 27, 1997.

On February 25, 1997, the Corporation announced its intention to sell its pulp operations and related woodlands at Terrace Bay, Ontario; New Glasgow, Nova Scotia; and Miranda, Spain by mid-1998 as part of its plan to reduce its exposure to the cyclical, capital-intensive pulp business.

Notwithstanding the planned divestitures, the Corporation intends to retain sufficient pulp and recycled fiber capacity in North America to support its away-from-home products and its consumer tissue products in the value category, all of which compete with products from fiber-integrated manufacturers. See 'Raw Materials' and 'Factors That May Affect Future Results - Raw Materials.'

On March 4, 1997, the Corporation announced its intention to sell its 50.1 percent interest in Scott Paper Limited, a publicly-traded Canadian company ('SPL'), to Kruger, Inc. ('Kruger') as part of a transaction in which Kruger would acquire all of SPL's outstanding common shares. The transaction is subject to approval by holders of 75 percent of the common shares represented at a special meeting of SPL shareholders to be held prior to May 31, 1997, as well as certain regulatory and other approvals.

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

For financial reporting purposes, the Corporation's businesses are separated into three segments: Personal Care Products; Tissue-Based Products; and Newsprint, Paper and Other.

Personal Care Products includes disposable diapers, training and youth pants; feminine care and adult incontinence care products; wet wipes; health care products; and related products. Products in this business segment are for household use and are sold under a variety of well-known brand names, including Huggies, Pull-Ups, GoodNites, Kotex, New Freedom, Lightdays, Depend and Poise.

Tissue-Based Products includes facial and bathroom tissue, paper towels, paper napkins and wipers for household and away-from-home use; pulp; and related products. Products in this business segment are sold under the Kleenex, Scott, Kleenex Cottonelle, Kleenex Viva, Kimwipes, Wypall and other brand names.

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. Health care products are sold to distributors, converters and end-users.

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.

Newsprint, Paper and Other includes newsprint, printing papers, premium business and correspondence papers, specialty papers, technical papers, and related products; and other products and services. Newsprint and groundwood printing papers are sold directly to newspaper publishers and commercial printers. Other papers and specialty products in this business segment are sold directly to users, converters, manufacturers, publishers and printers, and through paper merchants, brokers, sales agents and other resale agencies.

PATENTS AND TRADEMARKS. The Corporation owns various patents and trademarks registered domestically and in certain foreign countries. The Corporation considers the patents and trademarks which it owns and the trademarks under which it sells certain of its products, in each instance

and in the aggregate, to be material to its business. Consequently, the Corporation seeks patent and trademark protection by all available means, including registration. A partial list of the Corporation's trademarks is included under the caption "Trademarks" contained in the 1996 Annual Report to Stockholders and is incorporated herein by reference.

RAW MATERIALS. Cellulose fibers in the form of wood pulp are the primary raw materials for the Corporation's paper and tissue products and are important components in disposable diapers, training pants, feminine pads and incontinence care products. Large amounts of secondary and recycled fibers are also consumed, primarily in tissue products. Superabsorbent materials are important components in disposable diapers, training pants and incontinence care products. Polypropylene and other synthetics and chemicals are primary raw materials for manufacturing nonwoven fabrics which are used in disposable diapers, training pants, feminine pads, incontinence and health care products and away-from-home wipers. Most secondary fibers and all synthetics are purchased. Wood pulp and nonwood cellulose fibers are produced by the Corporation and purchased from others. The Corporation considers the supply of such raw materials to be adequate to meet the needs of its businesses.

Production at the Corporation's pulp mills at Coosa Pines and Mobile, Alabama; Everett, Washington; Terrace Bay, Ontario; New Glasgow, Nova Scotia; and Miranda, Spain supplied approximately 80 percent of the Corporation's 1996 virgin fiber requirements for products other than newsprint. The Corporation's newsprint mill at Coosa Pines produces all of its own fiber requirements, of which virgin fiber represented approximately 70 percent in 1996,

The Corporation owns or controls 6.8 million acres of forestland in North America, principally as a fiber source for pulp production which is consumed internally within the tissue and personal care businesses. In the United States, approximately .9 million acres are owned in Alabama and Mississippi. In Canada, 1.0 million acres in the province of Nova Scotia are owned by the Corporation, and 4.9 million acres, principally in the province of Ontario, are held under long-term Crown rights or leases.

For recent developments related to the Corporation's fiber strategy, including the pending sale of the Coosa Pines, Alabama pulp and newsprint operations and related woodlands, and the Corporation's intention to sell its pulp operations and related woodlands at Terrace Bay, Ontario; New Glasgow, Nova Scotia; and Miranda, Spain, see 'Recent Developments' and 'Factors That May Affect Future Results - Raw Materials.'

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 household products, and nonwoven materials. Consolidated research and development expenditures were \$207.9 million in 1996, \$207.2 million in 1995 and \$208.8 million in 1994.

ENVIRONMENTAL MATTERS. Capital expenditures for environmental controls to meet legal requirements and otherwise relating to the protection of the environment at the Corporation's facilities in the United States, excluding those related to the proposed Cluster Rules described in the following paragraph, are estimated to be \$83.0 million in 1997 and \$122.0 million in 1998. Approximately \$8 million and \$23 million of such estimated expenditures in 1997 and 1998, respectively, relate to the Coosa Pines, Alabama pulp and newsprint operations which are the subject of a pending sale transaction. See 'Recent Developments.' Such expenditures are not expected to have a material effect on the Corporation's total capital expenditures, consolidated earnings or competitive position; however, these estimates could be modified as a result of changes in the Corporation's plans, changes in legal requirements or other factors.

Capital expenditures at the Corporation's U.S. facilities for 1998 through 2001 are expected to be affected by finalization of the U.S. Environmental Protection Agency's ('EPA') proposed Cluster Rules. If finalized as proposed, these rules would require significant additional expenditures for environmental controls at the Corporation's Coosa Pines and Mobile, Alabama and Everett, Washington pulp mills and at various other tissue and paper production facilities in the United States. Based on currently available information, total capital expenditures required to meet the Cluster Rule requirements over the three-year period following their planned finalization in 1997-1998 are estimated at between \$370 million and \$400 million. Included in this range is \$65 million of estimated expenditures for the Coosa Pines, Alabama pulp and newsprint operations which are the subject of a pending sale transaction. See 'Recent Developments.' If the sale occurs, the Corporation's estimated total capital expenditures required to meet the Cluster Rules will be reduced to between \$305 million and \$335 million. However, the nature, amount and timing of these expenditures could change significantly based on the provisions of the EPA's final rules. Neither the Cluster Rule expenditures nor other anticipated environmental capital spending at the

Corporation's U.S. facilities during this time period are expected to have a material adverse effect on the Corporation's business or results of operations.

EMPLOYEES. In its worldwide consolidated operations, the Corporation had 54,800 employees as of December 31, 1996.

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

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 the business outlook, anticipated financial results, contingencies, contemplated transactions of the Corporation, and the adequacy of the 1995 charge for estimated costs of the merger with Scott Paper Company, for restructuring the combined operations and for other unusual charges, 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 Securities and Exchange Commission 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 both widely advertised, well-known, branded products and 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 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 products and line extensions as a means of achieving and/or maintaining category leadership. In order to maintain its competitive position, the Corporation must develop technological innovation with respect to its products.

COST SAVING STRATEGY. A significant portion of the Corporation's anticipated cost savings are expected to result from operating efficiencies and other synergies realized from the Scott merger. However, such savings will require the continued consolidation and integration of facilities, functions, systems and procedures, all of which present significant management challenges. There can be no assurance that such actions will be successfully accomplished as rapidly as expected or of the extent to which such cost savings and efficiencies will be achieved.

RAW MATERIALS. The Corporation uses a variety of raw materials in its manufacturing processes, including wood pulp, secondary and recycled fibers, polypropylene and other synthetics and chemicals. Wood based raw materials are subject to significant price variations due to the cyclical nature of the market. On a worldwide basis, the Corporation currently supplies approximately 80 percent of its virgin fiber needs internally, but has recently announced its intention to sell all of its non-integrated pulp operations. Such divestitures, if consummated, will result in the Corporation's worldwide pulp integration level being reduced to below 30 percent. This could help insulate the Corporation from the dramatic price and profit fluctuations inherent in the pulp market, or it could have no impact at all. However, following the consummation of such strategy, increases in pulp prices could adversely affect the Corporation's earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in pulp prices. If the Corporation is not successful in consummating such divestitures, the Corporation's level of pulp integration will remain relatively high and, accordingly, its financial results could be subject to fluctuations in the market price of pulp.

ACQUISITION AND DIVESTITURE STRATEGY. The Corporation's anticipated financial results and business outlook are dependent in part upon the consummation of projected divestitures on terms advantageous to the Corporation and the availability of suitable acquisition candidates. Because the Corporation has only recently announced plans for certain future divestitures of pulp assets, and negotiations with potential

purchasers have not yet commenced, there can be no assurance that such divestitures will be consummated, or, if consummated, that the terms of such divestitures will be as advantageous to the Corporation as expected.

In addition, 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. Therefore, there can be no assurance that such acquisitions will be consummated, or, if consummated, that the acquired businesses will be successfully integrated with the Corporation in order to provide anticipated 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) 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 be as estimated.

FOREIGN MARKET RISKS. Because the Corporation and its equity companies have manufacturing facilities in 35 countries and its products are sold in approximately 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. Economic uncertainty in Mexico (following the 1994 peso devaluation) has and may continue to have an adverse impact on the Corporation's earnings. Also, the extremely competitive and challenging economic environments in developing countries in eastern Europe, Latin America and Asia may slow the Corporation's sales growth and earnings potential. In addition, the Corporation is subject to (i) foreign exchange translation risk associated with the strengthening or weakening of various currencies against each other and local currencies versus the U.S. dollar, and (ii) foreign currency risk arising from transactions and commitments denominated in non-local currencies. See 'Management's Discussion and Analysis - Foreign Currency Risks, Hedging Activities and Inflation Risks' contained in the 1996 Annual Report to Stockholders, which is incorporated herein by reference. Translation exposure for the Corporation's balance sheet with respect to foreign operations is not hedged. Although the Corporation uses instruments to hedge its foreign currency risks (through forward contracts, currency swaps and, to a lesser extent, option contracts), these instruments are used selectively to manage risk and there can be no assurance that the Corporation will be fully protected against substantial foreign currency fluctuations.

TAX RATE. The Corporation's projected 1997 tax rate is based upon estimates of many factors, and such rate could be increased by higher earnings in countries with relatively higher tax rates or lower earnings in countries with relatively lower tax rates. In addition, changes in tax legislation could have an adverse impact on the Corporation's tax rate.

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,' below.

ITEM 2. PROPERTIES

Management believes that the Corporation's production facilities are suitable for their purpose and adequate to support its businesses. The extent of utilization of individual facilities varies, but they operate at or near capacity, except in certain instances such as when new products or technology are being introduced. New facilities of the Corporation are under construction and others 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
Coosa Pines - pulp and newsprint (1)
Mobile - tissue products and pulp (2)

ARIZONA
Tucson - nonwovens
Yucca - tissue products (1)

ARKANSAS
Conway - feminine care, incontinence care, nonwovens
Maumelle - wet wipes, nonwovens

CALIFORNIA
Fullerton - tissue products

CONNECTICUT
New Milford - diapers, feminine care, tissue products

GEORGIA
LaGrange - nonwovens

KENTUCKY
Owensboro - tissue products

MAINE
Winslow - tissue products (3)

MASSACHUSETTS
Westfield - aircraft maintenance, finishing and refurbishing

MICHIGAN
Munising - printing and base papers

MISSISSIPPI
Corinth - nonwovens, away-from-home wipers and towels
Hattiesburg - tissue products

NORTH CAROLINA
Hendersonville - nonwovens
Lexington - nonwovens

OKLAHOMA
Jenks - tissue products

PENNSYLVANIA
Chester - tissue products

SOUTH CAROLINA
Beech Island - diapers, tissue products

TENNESSEE
Loudon - tissue products

TEXAS
Cleburne - away-from-home products
Dallas - aircraft maintenance, finishing and refurbishing
Italy - away-from-home products
Paris - diapers, training and youth pants
San Antonio - personal cleansing products and systems

UTAH
Ogden - diapers

VERMONT
East Ryegate - technical papers

WASHINGTON
Everett - tissue products, pulp

WISCONSIN
Appleton - aircraft maintenance, finishing and refurbishing
Marinette - tissue products
Neenah - diapers, feminine care, incontinence care, business and
correspondence papers, industrial wipers, nonwovens
Oconto Falls - tissue products
Whiting - business and correspondence papers

OUTSIDE THE UNITED STATES

ARGENTINA
Cordoba - diapers
Pilar - feminine care, incontinence care
San Luis - diapers

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

BAHRAIN
* East Riffa - tissue products

*Equity company production facility

BELGIUM
Duffel - tissue products

BRAZIL
Porto Alegre - diapers, feminine care
Suzano - diapers, feminine care

CANADA
Crabtree, Quebec - tissue products (4)
Hull, Quebec - tissue products (4)
Huntsville, Ontario - tissue products, away-from-home wipers
Lennoxville, Quebec - tissue products (4)
New Glasgow, Nova Scotia - pulp (1)
New Westminster, British Columbia - tissue products (4)
St. Hyacinthe, Quebec - feminine care, diapers
Terrace Bay, Ontario - pulp (1)

CHINA (5)
Beijing - feminine care
Changchun - feminine care
Chengdu - feminine care
Guangzhou - tissue products
Handan - feminine care
Harbin - feminine care
Kunming - feminine care
Nanjing - feminine care
Shanghai - tissue products
Shenyang - feminine care
Taiyuan - feminine care
Wuhan - feminine care

COLOMBIA
* Barbosa - away-from-home products, specialty products, fine papers, notebooks
* Guarne - tissue products
* Pereira - tissue products, feminine care, incontinence care, diapers
* Tocancipa - diapers

COSTA RICA
Cartago - diapers
San Jose - tissue products

CZECH REPUBLIC
Jaromer-diapers, incontinence care
Litovel - feminine care

EL SALVADOR
Sitio del Nino - tissue products, feminine care

FRANCE
Orleans - tissue products
Rouen - tissue products
Villey-Saint-Etienne - tissue products

GERMANY
Flensburg - tissue products
Forchheim - feminine care, incontinence care
Koblenz - tissue products
Reisholz - tissue products

*Equity company production facility

HONDURAS
Cortes - nonwovens
San Pedro Sula - tissue products, feminine care

HONG KONG
Hong Kong - tissue products (6)

INDIA
* Pune - feminine care, diapers
Pune - tissue products

INDONESIA
Jogjakarta - tissue products
* Medan - specialty products

ISRAEL
* Afula - diapers, feminine care, incontinence care
* Hadera - tissue products
* Nahariya - tissue products

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

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

MALAYSIA
Kluang - tissue products
Petaling Jaya - feminine care, tissue products

MEXICO
* Bajio - tissue products
* Cepamisa - tissue products
* Cuautitlan - feminine care, diapers, nonwovens
* Ecatepec - tissue products
Empalme - nonwovens
Magdalena - nonwovens
* Naucalpan - tissue products, diapers, feminine care
Nogales - nonwovens
* Orizaba - tissue products
* Ramos Arizpe - tissue products, diapers
* San Juan - tissue products
* San Rafael - tissue products, fine papers
Santa Ana - nonwovens
* Tlaxcala - diapers

NETHERLANDS
Gennep - tissue products

PANAMA
Panama City - tissue products, feminine care

PERU
Lima - tissue products, feminine care

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

SAUDI ARABIA

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

*Equity company production facility

SLOVAKIA

Piestany - nonwovens

SOUTH AFRICA

Cape Town - tissue products, feminine care

Springs - tissue products, feminine care, diapers, incontinence care

SPAIN

Aranguren - tissue products

Arceniega - tissue products, personal cleansing products and systems

Canary Islands - tissue products

Miranda del Ebro - pulp (1)

Salamanca - tissue products

TAIWAN

Hsin-Ying - tissue products (7)

Ta-Yuan - tissue products

THAILAND

Pathumthanee - feminine care, diapers, tissue products

Samut Prakarn - tissue products

UNITED KINGDOM

Barrow - tissue products

Barton-upon-Humber - diapers

Flint - tissue products, nonwovens

Larkfield - tissue products

Northfleet - tissue products

Sealand - feminine care

VENEZUELA

Guacara - diapers

Maracay - tissue products

- (1) The Corporation has announced its intention to close or sell this facility.
- (2) Portions of the land under this facility are held under various long-term operating leases, the more significant of which contain options to purchase the land.
- (3) The fiber recycling facility at this mill is held under an operating lease expiring in 2008 under which the Corporation has the option of renewing the lease for terms not exceeding nine additional years or purchasing the facility for its then fair market value.
- (4) The Corporation has announced its intention to sell its 50.1 percent interest in SPL, the owner of the facility.
- (5) The land on which these facilities are located is held under long-term leases.
- (6) This facility is held under a short-term renewable lease.
- (7) The land and a portion of this facility are subject to a mortgage.

*Equity company production facility

ITEM 3. LEGAL PROCEEDINGS

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

Litigation

- A. Since 1990, numerous lawsuits, related to exposure to asbestos, have been filed in state and federal courts by thousands of plaintiffs against multiple defendants, including, in some cases, the Corporation. After the settlement of several matters in 1995, there remain three consolidated multiple plaintiff asbestos actions in Texas state courts that include less than 250 claims against the Corporation. The plaintiffs allege, with respect to the Corporation, that they sustained personal injuries and/or emotional distress from alleged exposure to asbestos-containing materials while working at the Corporation's Coosa Pines, Alabama mill as employees of independent contractors at various times since the mill's construction and that, in its capacity as a premises owner, the Corporation is responsible, in part, for these injuries. The complaints do not specify the amount of damages demanded.

The Corporation believes that its defenses to these asbestos claims are meritorious and that the final results of such claims, while they cannot be predicted with certainty, will not have a material adverse effect on the Corporation's business or results of operations.

- B. Kimberly-Clark Tissue Company, formerly named Scott Paper Company, is a

defendant in numerous actions in state and federal courts seeking damages relating to breast implants. The actions allege that the plaintiffs' breast implants were covered by polyurethane foam manufactured by Scott's former Foam Division, which was sold in 1983, and that the foam caused physical and/or psychological harm to the plaintiffs. Under a ruling covering federal multi-district litigation, all federal cases have been consolidated in the Northern District of Alabama for pre-trial purposes. In April 1995, the court granted Scott's motion for summary judgment and dismissed with prejudice all claims pending against Scott and the purchaser of Scott's Foam Division. Scott's similar motion for summary judgment was granted in the consolidated California state actions. Actions in other state courts have not reached the stage in the litigation process where similar summary judgment motions can be filed.

In the consolidated federal suit, the plaintiffs initially appealed the summary judgment but then agreed, in January 1996, to dismiss the appeal against Scott and its related entities. In the consolidated California actions, the plaintiffs never filed an appeal. Therefore, the summary judgment in Scott's favor in the federal multi-district litigation and in California are final and no new legal claims can be filed in either any United States district court or in California. In the hundreds of actions pending in other state courts, the actions are in various stages of early discovery.

The Corporation believes that it has meritorious defenses to the remaining breast implant claims and that the final results of such claims, while they cannot be predicted with certainty, will not have a material adverse effect on the Corporation's business or results of operations.

- C. In June and November 1996, the Corporation was served with amended complaints in the action originally filed on September 20, 1994 by the Attorney General of the state of West Virginia in the Circuit Court of Kanawha County seeking to recover from certain tobacco companies and other defendants, including the Corporation, monies which West Virginia allegedly has spent and will spend on medical care for its citizens with alleged tobacco-related illnesses. Among other things, the amended complaints alleged that the Corporation aided, abetted and participated in the manufacture of cigarettes by supplying reconstituted tobacco sheets to the tobacco company defendants and advertising that the use of such sheets would allow the tobacco companies to manipulate the level of nicotine in their cigarettes.

The Attorney General amended the original complaints in the action to add Public Employees Insurance Agency and the Department of Health and Human Services as plaintiffs in an effort to reinstate eight common law counts which had been dismissed against the Corporation and the other defendants on June 6, 1995 on the basis that the Attorney General lacked the authority to bring the suit in his own name. The Corporation filed a motion to dismiss the amended complaints on several grounds. On February 13, 1997, the reinstated common law claims were again dismissed, leaving only antitrust and consumer protection claims arising under state law.

The Corporation believes that its defenses to these remaining claims are meritorious.

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

Environmental Matters

The information set forth under the "Environmental Matters" section of "Management's Discussion and Analysis" contained in the 1996 Annual Report to Stockholders is incorporated in this Item 3 by reference.

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 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 1993, Scott received a request for information from the EPA regarding the Saco Landfill Superfund Site in Saco, Maine. Following an internal investigation, Scott responded that Scott had no knowledge of any arrangement for the disposal of waste materials at the site. However, Scott had provided sludge and fly ash to the City of Saco and its contractors for use in the construction of the landfill cap. The

City of Saco and the Maine Department of Environmental Protection previously had approved the utilization of the sludge and ash in construction of the topsoil cap. In 1994, the EPA served Scott with a second request for information regarding Scott's nexus to the site. Scott again responded that it had never disposed of hazardous waste at the site.

- B. 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.

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, 1997, together with certain biographical information, are as follows:

ROBERT E. ABERNATHY, 42, was elected Group President effective January 1, 1997. He is responsible for the professional health care business, nonwovens manufacturing and research, the technical papers business, K-C Aviation Inc. and the World Support Group. 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, 50, 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.

O. GEORGE EVERBACH, 58, 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, 38, was elected Group President - Tissue, Pulp and Paper effective January 1, 1996. He is responsible for the Family Care, Wet Wipes, Away From Home, Neenah Paper and Pulp and Paper Sectors, as well as the Consumer Business Services, Environment and Energy and Human Resources organizations. Mr. Falk joined the Corporation in 1983. His responsibilities have included internal audit, financial and strategic analysis, and operations management. Mr. Falk was appointed Vice President - Operations Analysis and Control in 1990. He was elected Senior Vice President - Analysis and Administration in 1992, Group President - Infant and Child Care in 1993, Group President - North American Consumer Products effective January 1, 1995, and Group President - North American Tissue Products effective July 21, 1995.

PAUL S. GEISLER, 55, was elected Group President - Asia/Pacific in April 1996. He was appointed President - Asia in 1994. Mr. Geisler joined the Corporation in 1982 as Marketing Director - Facial Tissue and Table Napkins. He was appointed Vice-President - DEPENDR Absorbent Products and New Technology Products in 1984, and Vice-President - Home Health Care in 1985. In 1990, Mr. Geisler was appointed President - U.S. Infant Care Sector, and in 1992, he was elected Group President - North American Feminine Care and Adult Care Sectors.

WAYNE R. SANDERS, 49, was elected Chief Executive Officer in 1991 and Chairman of the Board in 1992. He previously had been elected President and Chief Operating Officer in 1990. Employed by the Corporation in 1975, Mr. Sanders was appointed Vice President of Kimberly-Clark Canada Inc., a wholly owned subsidiary of the Corporation, in 1981 and was appointed Director and President in 1984. Mr. Sanders was elected Senior Vice President of Kimberly-Clark Corporation in 1985 and was appointed President - Infant Care Sector in 1987, President - Personal Care Sector in 1988 and President - World Consumer, Nonwovens and Service and Industrial Operations in 1990. Mr. Sanders is a director of Adolph Coors Company, Coors Brewing Company and Texas Commerce Bank, National Association. He also is a member of the Marquette University Board of Trustees and is a national trustee of the Boys and Girls Clubs of America. He has been a director of the Corporation since 1989.

KATHI P. SEIFERT, 47, was elected Group President - North American Personal

Care Products effective July 21, 1995. She is responsible for the Infant and Child Care and Feminine and Adult Care Sectors, as well as the U.S. and Canadian Consumer Sales and Safety and Quality Assurance organizations. 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 Products business sectors. She was appointed President - Feminine Care Sector in 1991 and was elected Group President - Feminine and Adult Care in 1994 and Group President - North American Consumer Products effective January 1, 1995. Ms. Seifert is a member of the Board of Directors of Eli Lilly and Company and the Aid Association for Lutherans.

JOHN A. VAN STEENBERG, 49, was elected President - European Consumer and Service & Industrial Operations effective January 1, 1994. He is responsible for the Household Products, Infant and Child Care, Feminine and Adult Care and Away From Home Sectors in Europe, as well as the European Consumer Sales and Distribution organizations, and the Central and Eastern Europe Consumer and Away From Home businesses. Mr. Van Steenberg joined the Corporation in 1978. His responsibilities have included operations and major project management in North America. He was appointed Managing Director of Kimberly-Clark Australia Pty. Limited in 1990.

PART II

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

The dividend and market price data included in Note 15 to the Financial Statements, and the information set forth under the captions "Dividends and Dividend Reinvestment Plan" and "Stock Exchanges" contained in the 1996 Annual Report to Stockholders are incorporated in this Item 5 by reference.

As of March 14, 1997, the Corporation had 55,800 stockholders of record.

ITEM 6. SELECTED FINANCIAL DATA
(Millions of dollars,

except per share amounts)	Year Ended December 31				
	1996	1995(1)	1994(1)	1993(1)	1992(1)
Net Sales	\$13,149.1	\$13,373.0	\$11,627.9	\$11,341.1	\$11,745.4
Restructuring and Other					
Unusual Charges (2)	--	1,440.0	--	378.9	250.0
Operating Profit (2)	2,053.7	213.0	1,277.1	734.5	883.8
Share of Net Income of					
Equity Companies (3)	152.4	113.3	110.5	76.1	90.0
Income from Continuing					
Operations Before					
Extraordinary Loss and					
Cumulative Effects					
of Accounting Changes (2)(3) ...	1,403.8	33.2	766.5	287.2	492.0
Net Income (2)(3)(4)(5)(6)	1,403.8	33.2	753.8	231.0	150.1
Per Share Basis:					
Income from Continuing					
Operations Before					
Extraordinary Loss and					
Cumulative Effects					
of Accounting Changes (2)(3) ..	\$ 4.98	\$.12	\$ 2.76	\$ 1.03	\$ 1.77
Net Income (2)(3)(4)(5)(6)	4.98	.12	2.71	.83	.54
Cash Dividends Declared	1.84	1.80	1.76	1.29	2.07
Cash Dividends Paid	1.83	1.79	1.75	1.70	1.64
Total Assets	\$11,845.7	\$11,439.2	\$12,555.7	\$13,210.4	\$12,559.4
Long-Term Debt	1,738.6	1,984.7	2,085.4	3,403.0	3,140.1
Stockholders' Equity	4,483.1	3,650.4	4,134.9	3,810.7	3,996.7

(1) Certain promotional costs have been reclassified from advertising, promotion and selling expenses to a reduction in net sales for all years presented to conform to the presentation of such data for the year ended December 31, 1996.

(2) Results for 1995 include a pretax charge of \$1,440.0 million or \$1,070.9 million after income taxes and minority interests (\$3.83 per

share) for the estimated costs of the merger with Scott, for restructuring the combined operations, and for other unusual charges. Results for 1993 include a pretax charge of \$378.9 million or \$283.2 million after-tax (\$1.02 per share) for planned restructuring and productivity improvement programs. Results for 1992 include a pretax charge of \$250.0 million or \$172.0 million after-tax (\$.62 per share) related to the restructuring of the consumer and service products operations in Europe and certain operations in North America.

- (3) Share of net income of equity companies and net income for 1995 include a nonoperating charge of \$38.5 million (\$.14 per share) for foreign currency losses incurred by the Corporation's Mexican affiliates on the translation of the net exposure of U.S. dollar-denominated liabilities into pesos. In 1994, peso losses charged to net income of equity companies and net income was \$39.2 million (\$.14 per share). The translation losses are related to the devaluation of the Mexican peso in December 1994 and subsequent periods.
- (4) Results for 1994 include income of a discontinued operation, net of taxes, of \$48.4 million (\$.17 per share) related to S.D. Warren Company, a former printing and publishing papers subsidiary, which was sold on December 20, 1994. Results for 1993 and 1992 include a loss of a discontinued operation, net of taxes, of \$46.6 million (\$.17 per share) and \$30.9 million (\$.11 per share), respectively.
- (5) Results for 1994 and 1993 include an extraordinary loss related to the early extinguishment of debt of \$61.1 million (\$.22 per share) and \$9.6 million (\$.03 per share), respectively.
- (6) Net income for 1992 includes net after-tax charges of \$311.0 million (\$1.12 per share) for the cumulative effects of adopting the required accounting rules for postretirement health care and life insurance benefits and for income taxes.

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 1996 Annual Report to Stockholders is incorporated in this Item 7 by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the Corporation and its consolidated subsidiaries and the independent auditors' report thereon contained in the 1996 Annual Report to Stockholders are incorporated in this Item 8 by reference.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The section of the 1997 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 1997 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 1997 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 1997 Proxy Statement captioned

"Certain Transactions and Business Relationships" under "Proposal 1. Election of Directors" is incorporated in this Item 13 by reference.

PART IV

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

(A) DOCUMENTS FILED AS PART OF THIS REPORT.

1. Financial statements:

The Consolidated Balance Sheet as of December 31, 1996 and 1995, and the related Consolidated Income Statement and Consolidated Cash Flow Statement for the years ended December 31, 1996, 1995 and 1994, 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 1996 Annual Report to Stockholders. In addition, related reports of Deloitte & Touche LLP and other auditors are 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 1996 Annual Report to Stockholders.

Independent Auditors' Reports

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 December 12, 1995, incorporated by reference to Exhibit No. (3) to the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.

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. 33-17367).

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 as of January 1, 1997.

Exhibit No. (10)b. Executive Severance Plan, incorporated by reference to Exhibit No. (10)c of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1992.

Exhibit No. (10)c. Fourth Amended and Restated Deferred Compensation Plan for Directors.

Exhibit No. (10)d. 1986 Equity Participation Plan, as amended effective November 1, 1996.

Exhibit No. (10)e. 1992 Equity Participation Plan, as amended effective November 1, 1996 (subject to stockholder approval at the Corporation's 1997 Annual Meeting of Stockholders).

Exhibit No. (10)f. Deferred Compensation Plan, effective as of October 1, 1994, incorporated by reference to Exhibit No. (10)g of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.

Exhibit No. (10)g. First Amendment to Deferred Compensation Plan, effective as of November 22, 1996.

Exhibit No. (10)h. 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)i. Supplemental Benefit Plan to Salaried Employees' Retirement Plan, effective as of November 17, 1994.

Exhibit No. (10)j. Second Supplemental Benefit Plan to Salaried Employees' Retirement Plan, effective as of November 17, 1994.

Exhibit No. (10)k. Retirement Contribution Excess Benefit Program, effective as of January 1, 1997, 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 December 6, 1996 (File No. 33-17367).

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

Had the Corporation computed its "primary" and "fully diluted" net income per share assuming the exercise of outstanding stock options under the "treasury stock method," the earnings per share amounts presented in Part II, Item 6 would be reduced as follows:

	Primary	Fully Diluted
1996	\$.03	\$.04
1995	-	-
1994	.02	.02
1993	-	-
1992	-	-

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 1996.

Exhibit No. (13). Portions of the Corporation's 1996 Annual Report to Stockholders incorporated by reference in this Form 10-K.

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

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

Exhibit No. (23)b. Independent Auditors' Consent of Coopers & Lybrand L.L.P.

Exhibit No. (24). Powers of Attorney.

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

(B) REPORTS ON FORM 8-K

(i) On February 20, 1997, the Corporation filed a Current Report on Form 8-K reporting its Business Segment Analysis for the three months and year ended December 31, 1996.

(ii) On February 26, 1997, the Corporation filed a Current Report on Form 8-K reporting certain matters discussed at a meeting with securities analysts.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kimberly-Clark Corporation

March 20, 1997

By: /s/ John W. Donehower

John W. Donehower
Senior Vice President and
Chief Financial Officer

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

/s/ Wayne R. Sanders

March 20, 1997

Wayne R. Sanders

Chairman of the Board
and Chief Executive Officer
and Director
(principal executive officer)

/s/ John W. Donehower

March 20, 1997

INDEPENDENT AUDITORS' REPORT

KIMBERLY-CLARK CORPORATION:

We have audited the consolidated financial statements of Kimberly-Clark Corporation as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, and have issued our report thereon dated January 27, 1997; such consolidated financial statements and report are included in your 1996 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. The financial statements and financial statement schedule of Kimberly-Clark Tissue Company (formerly Scott Paper Company), a wholly-owned subsidiary of Kimberly-Clark Corporation, for the years ended December 31, 1995 and 1994 were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for Kimberly-Clark Tissue Company, are based solely on the report of such other auditors.

In our opinion, based on our audits and the report of other auditors referred to above, 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 27, 1997

INDEPENDENT AUDITORS' REPORT

KIMBERLY-CLARK CORPORATION:

We have audited the consolidated balance sheets of Scott Paper Company and its subsidiaries as of December 30, 1995 and December 31, 1994, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. We have also audited the schedule of valuation and qualifying accounts of Scott Paper Company and its subsidiaries as of and for the years ended December 30, 1995 and December 31, 1994. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We did not audit the provision for restructuring and other unusual charges of \$827.0 million, the related tax benefit of \$218.0 million and related effect on minority owners' share of subsidiaries' net income of \$0.8 million for the year ended December 30, 1995 nor the related effects of \$39.5 million on cash and cash equivalents, \$26.8 million on receivables, \$597.8 million on plant assets, \$79.9 million on accumulated depreciation, \$57.6 million on goodwill and other assets, \$250.1 million on assets held for sale, \$83.3 million on deferred income tax asset, \$134.7 million on deferred income taxes, \$257.6 million on accruals for restructuring programs, \$0.8 million on minority owners' interests in subsidiaries and \$17.9 million on additional paid in capital at December 30, 1995. Such provision and related accounts were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the aforementioned amounts, is based solely on the report of the other

auditors.

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

In our opinion, based on our audit and the report of other auditors, (1) the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Scott Paper Company as of December 30, 1995 and December 31, 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles, and (2) the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

As discussed in Note 1 of the Financial Review Notes, the Company adopted the provisions of Statement of Financial Accounting Standards No. 121, 'Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of' in 1995.

/S/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

2400 Eleven Penn Center
Philadelphia, PA
January 30, 1996

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994
(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 DISCOUNTS ALLOWED	
DECEMBER 31, 1996					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	\$54.0	\$ 13.1	\$.1	\$ 34.2(b)	\$33.0
Allowances for sales discounts	30.7	181.4	-	198.8(c)	13.3
Total	\$84.7	\$194.5	\$.1	\$233.0	\$46.3
	=====	=====	=====	=====	=====
DECEMBER 31, 1995					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	\$23.5	\$ 41.7	\$.8	\$ 12.0(b)	\$54.0
Allowances for sales discounts	22.1	201.7	.1	193.2(c)	30.7
Total	\$45.6	\$243.4	\$.9	\$205.2	\$84.7
	=====	=====	=====	=====	=====
DECEMBER 31, 1994					

Allowances deducted from assets to which they apply

Allowances for doubtful accounts.....	\$21.0	\$ 8.2	\$.1	\$ 5.8(b)	\$23.5
Allowances for sales discounts	20.1	108.3	-	106.3(c)	22.1
	-----	-----	-----	-----	-----
Total	\$41.1	\$116.5	\$.1	\$112.1	\$45.6
	=====	=====	=====	=====	=====

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

INDEX TO DOCUMENTS FILED AS A PART OF THIS REPORT

DESCRIPTION

- Consolidated financial statements, incorporated by reference
- Independent Auditors' Reports, incorporated by reference
- Independent Auditors' Reports
- Schedules for Kimberly-Clark Corporation and Subsidiaries:
 - Schedule II Valuation and Qualifying Accounts
- Exhibit No. (3)a. Restated Certificate of Incorporation, dated December 12, 1995, incorporated by reference to Exhibit No. (3) to the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.
- 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. 33-17367).
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- Exhibit No. (10)c. Fourth Amended and Restated Deferred Compensation Plan for Directors.
- Exhibit No. (10)d. 1986 Equity Participation Plan, as amended effective November 1, 1996.
- Exhibit No. (10)e. 1992 Equity Participation Plan, as amended effective November 1, 1996 (subject to stockholder approval at the Corporation's 1996 Annual Meeting of Stockholders).
- Exhibit No. (10)f. Deferred Compensation Plan, effective as of October 1, 1994, incorporated by reference to Exhibit No. (10)g of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.
- Exhibit No. (10)g. First Amendment to Deferred Compensation Plan, effective as of November 22, 1996.
- Exhibit No. (10)h. 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)i. Supplemental Benefit Plan to Salaried Employees' Retirement Plan, effective as of November 17, 1994.
- Exhibit No. (10)j. Second Supplemental Benefit Plan to Salaried Employees' Retirement Plan, effective as of November 17, 1994.

Exhibit No. (10)k. Retirement Contribution Excess Benefit Program, effective as of January 1, 1997, 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 December 6, 1996 (File No. 33-17367).

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

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 1996.

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KIMBERLY-CLARK CORPORATION

MANAGEMENT ACHIEVEMENT AWARD PROGRAM

AS AMENDED AND RESTATED AS OF JANUARY 1, 1997
MANAGEMENT ACHIEVEMENT AWARD PROGRAM

AS AMENDED AND RESTATED AS OF JANUARY 1, 1997

1. PURPOSE

This Management Achievement Award Program ("MAAP" or the "Plan") is amended and restated as of January 1, 1997. The purpose of MAAP is to further unite the interests of the stockholders of the Company and its key executives through:

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

2. ELIGIBILITY

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

3. OBJECTIVE AREAS AND PERFORMANCE LEVELS

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

The Board shall establish the Objective(s) and any Control Measures (as defined in section 6 below) in the Corporate Objective Area. The CEO, or his delegate, shall establish the Objectives and any Control Measures in all Group, Sector and Individual Objective Areas for all Participants, except as otherwise determined by the Compensation Committee.

For each Objective there may be established performance levels ("Performance Level(s)") which shall consist of successively better standards or ranges taking into consideration actual progress in the calendar year in accomplishing the Objective(s). These performance levels shall be defined as "No Progress," "Some Progress," "Significant Progress," "Achieved Business Plan" and "Achieved Stretch

Objectives."

For the Group or Sector Objectives there may be established Performance Levels under which the percentage of the incentive payout shall be determined by taking into consideration actual progress in the calendar year in achieving the Group or Sector profit center earnings (PCE) Objective. A payment range, with a minimum and maximum payment, may be established for the Group or Sector Objective.

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

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

The original definition of any and all Objectives, Objective Areas, Performance Levels, Percentage Weightings (as defined in section 4 below), and Control Measures shall not be changed during the course of a calendar year, except by the approval of the individual or body who originally approved the same. When mid-calendar year changes in the Company's accounting or internal reporting policies have the effect of making the financial results between two periods not fairly comparable for the purpose of properly measuring performance where Objectives are stated in financial terms, such results may be adjusted in such manner as shall be deemed fair and appropriate by the individual or body who originally approved the Objective.

4. OBJECTIVE AREA WEIGHTINGS

Coincident with the establishment of Objective Areas, Objectives, and Performance Levels, the CEO, or his delegate, or the Compensation Committee in the case of employees who are either directors of the Company or officers of the Company who are elected by the Board, shall establish a percentage weighting ("Percentage Weighting") applicable to each Objective Area, or, where applicable, to each Objective within an Objective Area. The total of all Percentage Weightings in all Objective Areas for each Participant shall be 100 percent.

5. ACCOUNTABILITY POINT VALUATION

Prior to the beginning of each calendar year, or as soon thereafter as reasonably practicable, the Board shall, after review by the Compensation Committee, establish the value of each Accountability Point as established under the Salary Program at the following Performance Levels: "Some Progress," "Significant Progress," "Achieved Business Plan," and "Achieved Stretch Objective." Provided, however, the value of each Accountability Point under the Group or Sector Objective may be established such that the percentage of the incentive payout shall be determined by taking into consideration actual progress in the calendar year in achieving the Group or Sector PCE Objective. Such valuations shall at all times take into account the basic purposes of MAAP, and shall in no event result in the potential obligation to pay incentive compensation which, in the Board's opinion, is not in the best short- and long-range interests of the Company.

6. CONTROL MEASURES

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

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

7. ASCERTAINMENT OF PERFORMANCE LEVELS

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

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

The Performance Level attained with respect to any Group or Sector Objective or Control Measure stated in nonfinancial terms shall be

determined and approved by all levels in the chain of command which originally approved or defined such Objective or Control Measure following the end of the calendar year.

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

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

8. AMOUNT OF INCENTIVE COMPENSATION

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

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

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

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

9. ADJUSTMENT OF AWARD

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

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

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

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

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

10. PAYMENT OF AWARDS

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

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

11. ADMINISTRATION AND INTERPRETATION

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

Except as provided in this Plan, no right of any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, attachment, garnishment, execution, levy, bankruptcy, or any other disposition of any kind, whether voluntary or involuntary, prior to actual payment of an award.

No Participant, or any other person, shall have any interest in any fund, or in any specific asset or assets of the Company, by reason of an award that has been made but has not been paid or distributed.

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

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

MAAP is hereby amended and restated effective as of January 1, 1997.

FOURTH AMENDED AND RESTATED
DEFERRED COMPENSATION PLAN FOR DIRECTORS
OF
KIMBERLY-CLARK CORPORATION

ARTICLE 1

Introduction

1.1 Recitals.

(a) Whereas, effective January 1, 1983 the Board of Directors (the "Board") of Kimberly-Clark Corporation, a Delaware corporation (the "Corporation"), approved and adopted the Deferred Compensation Plan for Directors for the purpose of allowing Directors (as defined in Section 1.3(k) below) to irrevocably elect to defer the receipt of fees owing to them for service on, and attending meetings of, the Board and committees thereof during any Plan Year (as defined in Section 1.3(n)) and to irrevocably fix the date(s) of receipt thereof, and to assist the Corporation in attracting and retaining qualified individuals to serve as directors;

(b) Whereas, the Deferred Compensation Plan for Directors previously was amended and restated by the Board effective August 31, 1986 (the "Amended and Restated Deferred Compensation Plan for Directors");

(c) Whereas, the Amended and Restated Deferred Compensation Plan for Directors previously was amended and restated, effective May 1, 1991 (the "Second Amended and Restated Deferred Compensation Plan for Directors");

(d) Whereas, the Second Amended and Restated Deferred Compensation Plan for Directors previously was amended and restated, effective August 15, 1996 (the "Third Amended and Restated Deferred Compensation Plan for Directors"); and

(e) Whereas the Board desires to amend and restate the Third Amended and Restated Deferred Compensation Plan for Directors in its entirety;

NOW, THEREFORE, the Third Amended and Restated Deferred Compensation Plan for Directors hereby is amended and restated to read in its entirety as set forth herein, effective February 20, 1997.

1.2 Name and Purpose. The name of this plan is the "Fourth Amended and Restated Deferred Compensation Plan for Directors of Kimberly-Clark Corporation" (the "Plan"). The purpose of the Plan is as stated in Section 1.1(a) above.

1.3 Definitions. Whenever used in the Plan, the following terms shall have the meaning set forth or referenced below:

(a) "Account" means a Cash Account or a Stock Account.

(b) "Board" has the meaning set forth in Section 1.1(a) above.

(c) "Business Day" means a day except for a Saturday, Sunday or a legal holiday.

(d) "Cash Account" means an Account which reflects the Compensation deferred by a Participant pursuant to Section 2.4.

(e) "Cash Credit" means a credit to a Cash Account, expressed in whole dollars and fractions thereof.

(f) "Closing Price" means the closing price of the Common Stock as reported in the New York Stock Exchange Composite Transactions published in The Wall Street Journal.

(g) "Committee" means the Compensation Committee of the Board.

(h) "Common Stock" means (i) the common stock, \$1.25 par value per share, of the Corporation, adjusted as provided in Section 2.9, or (ii) if there is a merger or consolidation and the Corporation is not the surviving corporation thereof, the capital stock of the surviving corporation given in exchange for such common stock of the Corporation.

(i) "Compensation" means all remuneration paid to a Director for services to the Corporation as a director, other than reimbursement for expenses, and shall include retainer fees for service on, and fees for attendance at meetings of, the Board and any committees thereof.

(j) "Corporation" has the meaning set forth in Section 1.1(a) above.

(k) "Director" means any individual serving on the Board who is not an employee of the Corporation or any of its subsidiaries, affiliates or equity companies.

(l) "Participant" means a Director who has filed an election to participate in the Plan under Section 2.2 with regard to any Plan Year.

(m) "Plan" has the meaning set forth in Section 1.2 above.

(n) "Plan Year" means the calendar year.

(o) "Retire" or "Retires" shall mean the ending of a Director's service as a member of the Board, but shall not include the ending of such service by reason of death.

(p) "Stock Account" means an Account which reflects the Compensation deferred by a Participant pursuant to Section 2.3.

(q) "Stock Credit" means a credit to a Stock Account established pursuant to Section 2.3, and calculated pursuant to Section 2.5.

ARTICLE 2

Participation in the Plan

2.1 Eligibility. Any Director may participate in the Plan.

2.2 Election to Participate.

(a) Each Director, and each first time nominee for Director, may elect to defer payment of all or any portion of his Compensation that is payable during any Plan Year. Such election must be made prior to the date that services are rendered in the Plan Year in which such Compensation otherwise would be paid and shall be irrevocable thereafter for such Plan Year; provided, however, that an election by a Director or nominee pursuant to this paragraph (a) for any Plan Year (or portion thereof) shall be valid and effective for all purposes for all succeeding Plan Years, unless and until such election is revoked or modified by such Director prior to the date that services are rendered in such succeeding Plan 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 under Section 16 (as defined in Section 4.5) would not be available as a result thereof.

(b) An election to defer any Compensation under the Plan shall:
(i) be in writing; (ii) be delivered to the Secretary of the Corporation; (iii) contain, or be deemed to contain, the matters set forth in Section 2.3 below, in accordance with the terms thereof; and (iv) be irrevocable in all respects with respect to the Plan Year or Plan Years to which the election relates. If a Director does not elect to defer Compensation payable to him during a Plan Year, all such Compensation shall be paid directly to such Director in accordance with resolutions adopted by the Board from time to time.

2.3 Mode of Deferral. A Participant may elect to defer all or a

portion of his Compensation for a Plan Year to a Cash Account, a Stock Account, or a combination of both such Accounts. A separate Cash Account and/or Stock Account, as appropriate, shall be established for a Participant for each Plan Year in which he participates in the Plan. The Secretary of the Corporation shall maintain such Accounts in the name of the Participant. Any such election with respect to the Account or Accounts to which his Compensation for a Plan Year shall be deferred shall be specified in the election referred to in Section 2.2(b) above that is delivered by the Director to the Secretary, and shall be irrevocable. If a Participant fails to elect the Account to which deferral shall be made, he shall be deemed to have irrevocably elected deferral to the Cash Account. Compensation deferred to a Cash Account or Stock Account shall result in Cash Credits or Stock Credits, respectively.

2.4 Cash Account. The Cash Account of a Participant established with

respect to a Plan Year shall be credited, as of the day of such Plan Year on which the deferred Compensation otherwise would have been payable to such Participant, with Cash Credits equal to the dollar amount of such deferred Compensation. As of the last day of each calendar quarter, or as of the date the Account is distributed, if earlier, such Cash Account shall be credited with additional Cash Credits in an amount equal to the product of (a) the daily average balance in such Cash Account during such quarter and (b) one-fourth of a rate yielding interest equal 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 immediately prior to January 1 (for additional Cash Credits to be credited for the subsequent fiscal quarters ending on March 31 and June 30) or prior to July 1 (for additional Cash Credits to be credited for the subsequent fiscal quarters ending September 30 and December 31). In no case, however, shall such interest rate be less than six percent per annum.

2.5 Stock Account. The Stock Account of a Participant established with

respect to a Plan Year shall be credited, as of the day of such Plan Year on which the deferred Compensation otherwise would have been payable to such Participant, with Stock Credits equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased with the amount of such deferred Compensation at the average of the Closing Prices of shares of Common Stock on each Business Day during the month immediately preceding the month in which such Stock Account is so credited. As of the date any dividend is paid to holders of shares of Common Stock, such Stock Account shall be credited with additional Stock Credits equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased, at the Closing Price of shares of Common Stock on such date, with the amount which would have been paid as dividends on that number of shares (including fractions of a share) of Common Stock which is equal to the number of Stock Credits then attributed to such Stock Account. In the case of dividends paid in property other than cash, the amount of the dividend shall be deemed to be the fair market value of the property at the time of the payment of the dividend, as determined in good faith by the Committee.

2.6 Distribution of a Cash Account or a Stock Account.

(a) Distribution of all of the Cash Accounts and Stock Accounts of a Participant shall commence as of January 15 of the Plan Year following the Plan Year in which such Participant Retires. If the date for commencement of such distribution is not a Business Day, such distribution shall commence on the next succeeding Business Day.

(b) A Participant shall elect the number of annual installments (not to exceed 20) in which all of the Participant's Cash Accounts and Stock Accounts maintained on his behalf with respect to Plan Years after 1997 shall be distributed. If no such election is made by such Director with respect to such Accounts, the number of installments with respect thereto shall be deemed to be consistent with the installments heretofore or hereafter elected with respect to all Plan Years prior to 1998. Such payment or payments shall be in amounts determined pursuant to Section 2.8 below, and shall be made on the date set forth in Section 2.6(a) above, and such date of each succeeding Plan Year as applicable.

(c) A Participant's installment election referred to in paragraph (b) above must be made prior to December 31 of the calendar year preceding the date the Participant Retires. Once made, such election shall apply for all succeeding Plan Years unless modified thereafter. Such election may be modified by a Participant, but only with the prior approval of the Committee, no later than December 31 of the calendar year preceding the date such Participant Retires.

(d) Notwithstanding anything in the Plan to the contrary, each Participant who was a Director on or after October 1, 1997 may, elect prior to December 31, 1997 to modify such Director's election with respect to all Plan Years prior to 1998, but only with the prior approval of the Committee, so that Cash Accounts and Stock Accounts maintained with respect to all Plan years prior to 1998 shall be paid consistent with the Cash Accounts and Stock Accounts maintained with respect to all Plan Years after 1997 and in accordance with this Section 2.6 as amended.

2.7 Distribution in Cash. Distribution of a Participant's Cash

Accounts and Stock Accounts shall be made only in cash. No shares of Common Stock can, may or shall ever be paid to any Director as a distribution for any Account or for any other purpose under the Plan.

2.8 Installment Amount. The amount of each installment with respect to

a Cash Account of a Participant shall be equal to the product of the current balance in such Cash Account and a fraction, the numerator of which

is one and the denominator of which is the number of installments yet to be paid. The amount of each installment with respect to a Stock Account of a Participant shall be equal to the product of the number of Stock Credits attributable to such installment and the average of the Closing Prices of shares of Common Stock on each Business Day in the month immediately prior to the month in which such installment is to be paid, except as otherwise specified in Section 2.10 of the Plan. The number of Stock Credits attributable to an installment with respect to such Stock Account (unless otherwise specified in the Plan) shall be equal to the product of the current number of Stock Credits attributed to such Stock Account and a fraction, the numerator of which is one and the denominator of which is the number of installments yet to be paid.

2.9 Adjustment. If at any time the number of outstanding shares of

Common Stock shall be increased as the result of any stock dividend, stock split, subdivision or reclassification of shares, the number of Stock Credits with which each Stock Account of a Participant is credited shall be increased in the same proportion as the outstanding number of shares of Common Stock is increased. If the number of outstanding shares of Common Stock shall at any time be decreased as the result of any combination, reverse stock split or reclassification of shares, the number of Stock Credits with which each Stock Account of a Participant is credited shall be decreased in the same proportion as the outstanding number of shares of Common Stock is decreased. In the event the Corporation shall at any time be consolidated with or merged into any other corporation and holders of shares of Common Stock receive shares of the capital stock of the resulting or surviving corporation, there shall be credited to each Stock Account of a Participant, in place of the Stock Credits then credited thereto, new Stock Credits in an amount equal to the product of the number of shares of capital stock exchanged for one share of Common Stock upon such consolidation or merger and the number of Stock Credits with which such Account then is credited. If in such a consolidation or merger holders of shares of Common Stock shall receive any consideration other than shares of the capital stock of the resulting or surviving corporation or its parent corporation, the Committee, in its sole discretion, shall determine the appropriate change in Participants' Accounts.

2.10 Distribution upon Death.

(a) Notwithstanding any other provision of this Plan, upon the death of a Participant all of such Participant's Cash Accounts and Stock Accounts shall be paid in a single installment to such person or persons or the survivors thereof, including corporations, unincorporated associations or trusts, as the Participant may have designated. All such designations shall be made in writing and delivered to the Secretary of the Corporation. A Participant may from time to time revoke or change any such designation by written notice to the Secretary. If there is no designation on file with the Secretary at the time of the Participant's death, or if the person or persons designated therein shall have all predeceased the Participant or otherwise ceased to exist, such distributions shall be made to the executor or administrator of the Participant's estate. Any distribution under this Section 2.10(a) shall be made as soon as practicable following the end of the fiscal quarter in which the Secretary is notified of the Participant's death or is satisfied as to the identity of the appropriate payee, whichever is later. The amount of an installment payable under this Section 2.10(a) with respect to a Participant's Stock Accounts shall be equal to the product of the number of Stock Credits with which such Stock Accounts then are credited and the average of the Closing Prices of shares of Common Stock on each Business Day during the month preceding the month of such Participant's death.

2.11 Withholding Taxes. The Corporation shall deduct from all

distributions under the Plan any taxes required to be withheld by federal, state, or local governments.

ARTICLE 3

The Committee

3.1 Authority. The Committee shall have full power and authority to

administer the Plan, including the power to (a) promulgate forms to be used with respect to the Plan, (b) promulgate rules of Plan administration, (c) settle any disputes as to rights or benefits arising from the Plan, (d) interpret the terms of the Plan, (e) amend, modify or terminate the Plan as provided in Section 4.5 below and (e) make such decisions or take such action as the Committee, in its sole discretion, deems necessary or advisable to aid in the proper administration of the Plan; provided, however that the Committee cannot change or modify any of the irrevocable elections made by a Participant under Section 2.2(b) above. Any decision made by the Committee shall be final and binding on the Corporation, Participants and their heirs or successors.

3.2 Elections, Notices. All elections, notices and designations

required or permitted to be provided to the Committee under the Plan must be in such form or forms prescribed by, and contain such information as is required by, the Committee.

ARTICLE 4

Miscellaneous

4.1 Funding. No promise hereunder shall or may be secured by any

assets of the Corporation, and no assets of the Corporation shall otherwise be designated as attributable or allocated to the satisfaction of such promises.

4.2 Non-alienation of Benefits. No benefit under the Plan shall be

subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void. No such benefit, prior to receipt thereof pursuant to the provisions of the Plan, shall be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the Participant.

4.3 Delegation of Administrative Duties. The Committee may delegate to

officers and employees of the Corporation from time to time the power and authority to carry out and effect the decisions and rules of the Committee. Any such delegation shall be in writing.

4.4 Governing Law. This Plan shall be governed by and construed in

accordance with the laws of the State of Delaware.

4.5 Amendment, Modification and Termination of the Plan. The Board or

the Committee at any time may terminate and in any respect amend or modify the Plan; provided, however, that no such termination, amendment or modification shall adversely affect the rights of any Participant or beneficiary, including his rights with respect to Cash Credits or Stock Credits either credited prior to or in the Plan Year of such termination, amendment or modification, without his consent; provided further, that no provision of the Plan which relates to persons eligible to participate in the Plan or the formula pursuant to which the amount, price and timing of the crediting of Stock Credits are determined, shall be amended more than once every six months other than to comport to changes in the Internal Revenue Code of 1986, as amended, the Employee Retirement Income Security Act of 1974 or the rules thereunder. Notwithstanding anything to the contrary contained herein, the Committee may amend or modify the Plan to comply with Section 16 of the Securities Exchange Act of 1934 (or successor statute), as constituted from time to time, or the rules or regulations promulgated thereunder (collectively, "Section 16"); further, if any provision of Section 16 would have the effect of requiring the Plan to be amended or modified in order to retain its exemption from the reporting requirements of and liability exposure under Section 16, the Plan shall be deemed to be automatically amended and modified to retain such exemption at the time that any such provision is effective, and any act or transaction under the Plan by or involving a Participant, the Board or the Committee in contravention of the Plan as so amended and modified shall be null and void ab initio and the Participant, the Board and the Committee shall return the matter to the status quo ante.

4.6 Successors and Heirs. The Plan and any properly executed

elections hereunder shall be binding upon the Corporation and Participants, and upon any assignee or successor in interest to the Corporation and upon the heirs, legal representatives and beneficiaries of any Participant.

4.7 Status of Participants. Stock Credits are not, and do not

constitute, shares of Common Stock, and no right as a holder of shares of Common Stock shall devolve upon a Participant by reason of his participation in the Plan.

4.8 Use of Terms. The masculine includes the feminine and the plural

includes the singular, unless the context clearly indicates otherwise.

4.9 Statement of Accounts. In February of each Plan Year, each

Participant in the Plan during the immediately preceding Plan Year shall receive a statement of his Accounts under the Plan as of December 31 of such preceding Plan Year. Such statement shall be in a form and contain such information as is deemed appropriate by the Committee.

KIMBERLY-CLARK CORPORATION
1986 EQUITY PARTICIPATION PLAN
(AS AMENDED EFFECTIVE NOVEMBER 1, 1996)

1. PURPOSE

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

2. EFFECTIVE DATE

The Plan was originally adopted as of April 17, 1986 upon (a) approval by the Board of Directors of the Corporation (the "Board of Directors"), and (b) approval by the stockholders of the corporation at the 1986 Annual Meeting. The Plan as hereby amended and restated is adopted effective as of November 1, 1996.

3. ADMINISTRATION

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

For purposes of this section, a "disinterested person" shall mean a person who, at the time action is taken, is a "Non-Employee Director" for purposes of rule 16b-3 under the Securities Exchange Act of 1934, or any successor provision, and who is also an "outside director" for purposes of section 162(m) of the Internal Revenue Code, as amended.

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

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

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

4. ELIGIBILITY

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

5. FORMS OF AWARDS

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

6. PARTICIPATION SHARES

The Committee shall from time to time designate those Participants who

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

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

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

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

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

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

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

(e) Adjustments. The Committee may adjust Book Value, for purposes of the Plan, to preserve the benefit to the Participant and the Corporation contemplated hereby if, in the opinion of the Committee after consultation with the Corporation's independent accountants, changes in the Corporation's accounting policies, acquisitions, divestitures or other unusual or extraordinary transactions or events have materially affected the Corporation's net income, book value, shares of Common Stock outstanding, or stockholders' equity

(collectively, the "Events"), provided that any decisions or actions of the management of the Corporation which resulted in an Event were made or taken in the best interests of the Corporation's stockholders. To preserve the benefit to the Participant and the Corporation contemplated hereby, if a cash dividend is declared in any quarter and the payment date for such cash dividend is later than the immediately subsequent quarter, then such cash dividend will be deemed to be declared in the quarter immediately preceding the payment date for all purposes of this Plan, as of the first date the Board meets in such quarter, or if the Board does not meet in such quarter, on the first business day of such quarter, including, but not limited to, the determination of (i) Book Value in subsection 6(a), (ii) Dividend Shares in subsection 6(c) and (iii) whether the total cash dividends declared per share of Common Stock in a quarter is less than \$.31 or whether the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year in subsection 6(d).

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

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

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

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

7. STOCK OPTIONS

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

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

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

(c) Limitations on Exercise

(i) In General. The Option shall not be exercisable until at least one year has expired after the granting of the Option, during which time the Participant shall have been in the continuous employ of the Corporation or a Subsidiary. At any time during the period of the Option after the end of the first year, the Participant may purchase up to 30 percent of the shares covered by the Option; after the end of the second year, an additional 30 percent; and after the end of the third year, the remaining 40 percent of the total number of shares covered by the Option; provided, however, that if the Participant's employment is terminated for any reason other than death, retirement, or total and permanent disability, the Option shall be exercisable only for three months following such termination and only for the number of

shares of Common Stock which were exercisable on the date of such termination. In no event, however, may an Incentive Stock Option be exercised more than 10 years, and in no event may a Nonqualified Stock Option be exercised more than 10 years and one day, after the date of its grant.

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

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

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

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

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

(h) Limitations on Incentive Stock Option Grants.

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

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

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

(i) Options for Nonresident Aliens. In the case of any Option awarded to a Participant who is not a resident of the United States or who is employed by a Subsidiary other than a Subsidiary that is incorporated, or whose place of business is, in a State of the United States, the Committee may (i) waive or alter the conditions set forth

in subsections 7(a) through 7(h) to the extent that such action is necessary to conform such Option to applicable foreign law, or (ii) take any action, either before or after the award of such Option, which it deems advisable to obtain approval of such Option by an appropriate governmental entity; provided, however, that no action may be taken hereunder if such action would (1) materially increase any benefits accruing to any Participants under the Plan, (2) materially increase the number of securities which may be issued under the Plan, (3) materially modify the requirements for eligibility to participate in the Plan or (4) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Securities and Exchange Act of 1934 or the Internal Revenue Code.

8. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS

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

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

9. SHARES SUBJECT TO THE PLAN

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

10. INDIVIDUAL LIMITS

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

11. CHANGES IN CAPITALIZATION

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

12. EFFECT ON OTHER PLANS

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

13. TERM OF THE PLAN

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

14. GENERAL PROVISIONS

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

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

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

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

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

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

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

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

favorable Federal income tax treatment in connection with the Options or the disposition of shares obtained through exercise of Options.

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

(j) Election to Defer Receipt. Under rules established by the Committee in its sole and absolute discretion, the Committee may permit a Participant to elect to defer the receipt of all or any portion of amounts which may otherwise become payable under subsection 6(c). This election shall be evidenced by a letter from the Participant to the Committee, which letter shall be signed by the Participant and accepted by the Committee before the Maturity Date. The period of deferral specified in the letter shall be set forth in accordance with the rules of the Committee and may extend to a period following retirement. If accepted by the Committee, such letter may provide that the amount otherwise payable to the Participant shall be valued at the Maturity Date and earn interest from that date at a rate and in a manner determined from time to time by the Committee. After adjustment for any resulting interest, the deferred amount shall be paid at the date or dates specified in the Participant's letter, and such adjusted amount shall not be subject to forfeiture as otherwise provided in subsection 6(h). In the discretion of the Committee, the balance of a Participant's deferred amount may be paid earlier than the date or dates specified in the Participant's letter, but only in the case of severe financial hardship.

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

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

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

KIMBERLY-CLARK CORPORATION
1992 EQUITY PARTICIPATION PLAN
(AS AMENDED AND RESTATED EFFECTIVE NOVEMBER 1, 1996)

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 adopted effective as of November 1, 1996, upon approval by the stockholders of the Corporation at the 1997 Annual Meeting.

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.

"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.

"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.

"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). Such payment shall be payable either in cash, or partly in cash and up to 50% 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 shall only 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 \$.41 or (ii) in which the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year, except that the determination of whether the total cash dividends per share of Common Stock are less than in the immediately preceding year shall be made after adjustment for the two-for-one stock split which occurred in 1992 in accordance with generally accepted accounting principles. When total cash dividends declared per share of Common Stock are less than total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year as described above, the book value of each Participation Share held by a Participant shall be reduced by an amount equal to the difference between the cash dividend declared in such immediately preceding quarter less the cash dividend declared in the quarter the cash dividend is reduced.

(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 \$.41 or whether the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year in subsection 7(d).

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

(g) Date of Payment. Except as provided in subsection 15(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. 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, at the same time as Nonqualified Stock Options are granted the Committee may also grant to designated Participants the right to transfer such Options, to the extent allowed under rule 16b-3 of the Exchange Act, subject to the terms and conditions of the Committee Rules on the date of grant.

(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 or military 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 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 20,000,000 in the aggregate, of which not more than 20,000,000 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 500,000 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 7(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, such Participant 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).

(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 15 annual installments commencing in the year after the termination of employment by reason of retirement; or (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 and who is required to report to the Securities and Exchange Commission under section 16(a) of the Exchange Act (an "Insider") may satisfy the income tax withholding due in respect of such exercise pursuant to this subsection 15(k) only if the Insider also satisfies an exemption under section 16(a) of the Exchange Act (or the rules or regulations promulgated thereunder) for such withholding.

(l) 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.

FIRST AMENDMENT TO THE
KIMBERLY-CLARK CORPORATION
DEFERRED COMPENSATION PLAN

The Kimberly-Clark Corporation Deferred Compensation Plan (the "Plan") is hereby amended as described below:

Section 3.2 of the Plan is hereby amended and restated to read in its entirety as follows:

3.2 Minimum and Maximum Deferral and Length of Participation. Tier 1

Participants - A Tier 1 Participant may elect to defer any amount of his Salary or Bonus, or both, to the extent that any portion of such amounts would not be deductible by the Company pursuant to Section 162(m) of the Code. In addition, a Tier 1 Participant may elect to defer up to 100% of his Bonus paid during a Deferral Year in 25% increments.

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

In no event may the amount of a Participant's deferral election related to the IIP estimated dividend payment for the upcoming Deferral Year be less than \$5,000. The deferral opportunity shall extend through December 31, 2000. A Participant shall make an annual election for the upcoming Deferral Year in the year preceding the Deferral Year for which the election is being made.

Except as provided in Section 3.5, "Emergency Benefit: Waiver of Deferral," any election so made shall be irrevocable with respect to Salary and Bonus applicable to that Deferral Year.

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.

Subsection 4.6(e) of the Plan is hereby amended and restated to read in its entirety as follows:

- (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.

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 installment payments will be made on the last business day of January, April, July and October.

SUPPLEMENTAL BENEFIT PLAN
TO THE
KIMBERLY-CLARK CORPORATION
SALARIED EMPLOYEES' RETIREMENT PLAN

AMENDED AND RESTATED EFFECTIVE AS OF NOVEMBER 17, 1994

This Supplemental Benefit Plan to the Kimberly-Clark Corporation Salaried Employees' Retirement Plan (the "Plan") is intended to be an unfunded "excess benefit plan" within the meaning of Section 3(36) and 4(b)(5) of the Employee Retirement Income Security Act of 1974. As such, the purpose of this Plan is solely to provide benefits to participants in the Kimberly-Clark Corporation Salaried Employees' Retirement Plan as amended and restated from time to time (the "Retirement Plan"), which exceed the limitation on benefits imposed by Section 415 of the Internal Revenue Code of 1986, or any comparable provision of any future legislation which amends, supplements or supersedes that Section ("Section 415 of the Code").

The terms and provisions of this Plan are as follows:

1. Each term which is used in this Plan and also used in the Retirement Plan shall have the same meaning herein as under the Retirement Plan.

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

- (a) **Benefit:** A benefit payable pursuant to, and determined in accordance with the provisions of this Plan.
- (b) **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 percent 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, 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.
- (c) **Investment Grade:** A bond rating of BBB minus, or its equivalent, by one of the nationally recognized rating agencies.
- (d) **Lump Sum Payment:** A form of benefit payable as a lump sum cash payment, actuarially determined based on the rate of interest equivalent to the yield on a 30-year Treasury Bond as published in the Federal Reserve Statistical Release for the week that contains the first business day of the month prior to the date such Lump Sum payment is payable under this Plan, or such other rate as determined pursuant to uniform Committee rules, and the mortality table set forth for determining actuarial equivalent benefits under Section 10.1(a) of the Retirement Plan, and (i) in the case of a lump sum payment pursuant to Section 4(a) or (b) of this Plan, based on the Participant's Benefit payable from this plan and his age at the date of such lump sum payment, and (ii) in the case of a lump sum payment pursuant to Section 4(c) or 4(d) of this Plan, based on the Participant's Benefit payable under this Plan, the earliest age at which his Benefit from the Retirement Plan could commence if he terminated employment, and the early retirement reduction factor applicable at such age of commencement.
- (e) **Participant:** A participant in the Retirement Plan who (i) is a "managerial or highly compensated employee" of an Employer, within the meaning of Title I of ERISA, and (ii) is eligible to receive a Benefit upon his termination of employment.

2. So long as a Pensioner (or the spouse or designated beneficiary, as the case may be of a former Employee) shall be entitled to receive benefits under the Retirement Plan, there shall be paid under this Plan to such Pensioner (or such spouse or designated beneficiary, as the case may be) such amounts of Disability

Benefit, Basic Benefit, Optional Joint and Survivor Benefit, Pensioners Benefit, Survivors Benefit, Optional Years Certain and Life Benefit, Deferred Benefit, Automatic Survivor's Benefit, and any other benefits including benefits distributed upon termination of the Plan (as the case may be) as would have been paid to such person under the Retirement Plan without regard to the limitation on benefits imposed by Section 415 of the Code, but only to the extent that the amount of such benefits exceeds such limitation. Except as provided in Section 4, such amounts shall be paid to such person on the same terms and conditions, at the same times, and pursuant to the same elections made by the Employee, as they would have been if paid under the Retirement Plan, were it not for such limitation on benefits.

3. The Employer may enter into a contract with any Employee who it is projected will be entitled to receive benefits under this Plan, or with any Pensioner (or any spouse or designated beneficiary) who is entitled to receive benefits under this Plan, stipulating the terms and manner of payments to be made under this Plan, but the entitlement of a Pensioner (or spouse or designated beneficiary) to receive benefits under this Plan shall not be conditioned upon the entering into of such a contract prior to the entitlement to benefits under this Plan.
4. Notwithstanding any other provision of the Retirement Plan, a Participant (or surviving spouse or designated beneficiary, as the case may be) shall be entitled to elect to receive his Benefit payable under Section 2 as a Lump Sum Payment (subject to any applicable payroll or other taxes required to be withheld) under the following circumstances:
 - (a) The Participant has terminated employment upon or after having attained age 55, and elected to receive such Lump Sum Payment in the calendar year prior to the year in which the payments are eligible to commence under the Retirement Plan;
 - (b) the Participant terminated employment prior to having attained age 55, and elected to receive such Lump Sum Payment no later than the earlier of (aa) the calendar year in which the Participant attained age 54 or (bb) the calendar year prior to the year in which the payments are eligible to commence under the Retirement Plan;
 - (c) the Corporation experiences a Change in Control; or
 - (d) the Corporation's long-term credit rating falls below Investment Grade.

If a Participant elects a Lump Sum Payment pursuant to subsections 4(a) or 4(b) above, such election is subject to approval by the Committee in its sole discretion, and effective January 1, 1996, no such election shall be effective unless such election is made at least 90 days prior to the date such Lump Sum payment is payable under this Plan. In addition, the Lump Sum Payment shall be payable at the same time as the payments are eligible to commence under the Retirement Plan.

If a Participant elects a Lump Sum Payment pursuant to subsections 4(c) or 4(d) above, the Lump Sum Payment shall be reduced for active Employees by a penalty equal to ten percent (10%) of the Benefit otherwise payable and for former Employees (or spouses or designated beneficiaries) by a penalty equal to five percent (5%) of the Benefit otherwise payable. Such penalty shall be permanently forfeited and shall not be paid to, or in respect of, the Employee, former Employee, or spouse or designated beneficiary. In addition, such election must be made within two years after a Change in Control or within 90 days after the date the Corporation's long-term credit rating falls below Investment Grade. Such Lump Sum Payment shall be paid within thirty days of the date of election.

Notwithstanding any other provisions of this Plan to the contrary, in the event that a portion of the Lump Sum Payment due a Participant pursuant to this Section 4 would not be deductible by the Company pursuant to Section 162(m) of the Code, the Company, at its discretion, may postpone payment of such amounts to the Participant until such time that the payments would be deductible by the Company. Provided, however, that no payment postponed pursuant to this paragraph shall be postponed beyond the first anniversary of the date such Participant terminated employment.

Any Lump Sum Payment postponed pursuant to this paragraph shall include interest for the period such Lump Sum Payment is postponed at a rate yielding interest equivalent to the per annum secondary market discount rate for six-month U.S. Treasury Bills as published by the Federal Reserve Board for the calendar week ending prior to January 1 (for interest to be credited for either of the two subsequent fiscal quarters ending March 31 or June 30) or prior to July 1 (for interest to be credited for either of the subsequent fiscal quarters ending on September 30 or December 31), or such other rate as determined pursuant to uniform

Committee rules.

5. If a Participant has received a Lump Sum Payment pursuant to Section 4 above, such Participant may accrue an additional Benefit under this Plan after the date of such Lump Sum Payment, provided, however, that such future participation shall not result in duplication of benefits. Accordingly, if he has received a distribution of a Benefit under the Plan by reason of prior participation, his Benefit shall be reduced by the actuarial equivalent (at the date of the later distribution) of the present value of the Benefit previously paid hereunder.
6. This Plan shall not be a funded plan, and the Corporation shall be under no obligation to set aside any funds for the purpose of making payments under this Plan. Any payments hereunder shall be made out of the general assets of the Employer.
7. The Corporation by action of the Board of Directors, shall have the right at any time to amend this Plan in any respect, or to terminate this Plan; provided, however, that no such amendment or termination shall be effective to the extent it eliminates or reduces any "Section 411(d)(6) protected benefit" or adds or

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modifies conditions relating to "Section 411(d)(6) protected benefits" the result of which is a further restriction on such benefit unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. "Section 411(d)(6) protected benefits" are benefits described in Section 411(d)(6)(A) of the Internal Revenue Code of 1986, early retirement benefits and retirement-type subsidies, and optional forms of benefit.

8. The Committee under the Retirement Plan, as constituted from time to time, shall administer this Plan and shall have the same powers and duties, and shall be subject to the same limitations as are set forth in the Retirement Plan.
9. Subject to the provisions of Section 5, this Plan shall terminate when the Retirement Plan terminates.

IN WITNESS WHEREOF, the Corporation has adopted this SUPPLEMENTAL BENEFIT PLAN TO THE KIMBERLY-CLARK CORPORATION SALARIED EMPLOYEES' RETIREMENT PLAN as amended and restated as of November 17, 1994.

KIMBERLY-CLARK CORPORATION

By:

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

SECOND SUPPLEMENTAL BENEFIT PLAN
TO THE
KIMBERLY-CLARK CORPORATION
SALARIED EMPLOYEES' RETIREMENT PLAN

AMENDED AND RESTATED EFFECTIVE AS OF NOVEMBER 17, 1994

1. Use of Defined Terms. Capitalized terms used herein have the respective meanings ascribed to such terms as set forth in Section 6 below.
2. Purpose. The Second Supplemental Benefit Plan is for the purpose of providing Participants and their Beneficiaries with such benefits, in addition to the Retirement Plan and the Supplemental Plan, as are necessary to fulfill the intent of the Retirement Plan without regard to Section 415 of the Code or any dollar limit imposed by the Code on the amount of compensation considered under the Retirement Plan. It is intended that the Second Supplemental Benefit Plan constitute an unfunded plan of deferred compensation for a select group of management or highly compensated employees, within the meaning of Title I of ERISA.
3. Benefit. The Benefit of a Participant or a Survivor under the Second Supplemental Benefit Plan shall be the difference between:
 - (a) the monthly amount payable under the Retirement Plan, which monthly amount shall be calculated (i) without regard to Article XI of the Retirement Plan and (ii) using the term Earnings defined as set forth in Section 6(f) of the Second Supplemental Benefit Plan below; less
 - (b) the sum of (i) the monthly amount payable under the Retirement Plan and (ii) the monthly amount payable under the Supplemental Plan.
4. Lump Sum Payments.
 - (a) Notwithstanding any other provision of the Retirement Plan, a Participant (or surviving spouse or designated beneficiary, as the case may be) shall be entitled to elect to receive his Benefit payable under Section 3 as a Lump Sum Payment (subject to any applicable payroll or other taxes required to be withheld) under the following circumstances:
 - (i) The Participant has terminated employment and Timely Elected to receive such Lump Sum Payment;
 - (ii) the Corporation experiences a Change of Control; or
 - (iii) the Corporation's long-term credit rating falls below Investment Grade.
 - (b) If a Participant elects a Lump Sum Payment pursuant to subsection 4(a)(i) above, such election is subject to approval by the Committee in its sole discretion. In addition, the Lump Sum Payment shall be payable at the same time as the payments are eligible to commence under the Retirement Plan.
 - (c) If a Participant elects a Lump Sum Payment pursuant to subsections 4(a)(ii) or 4(a)(iii) above, the Lump Sum Payment shall be reduced for active employee Participants by a penalty equal to ten percent (10%) of the Benefit otherwise payable and for a former employee, or a surviving spouse or designated beneficiary, by a penalty equal to five percent (5%) of the Benefit otherwise payable. Such penalty shall be permanently forfeited and shall not be paid for or in respect of, the former employee's surviving spouse or designated beneficiary. In addition, such election must be made within two years after a Change of Control or within 90 days after the date the Corporation's long-term credit rating falls below Investment Grade. Such Lump Sum Payment shall be made within thirty days of the date of election.
 - (d) If a Participant has received a Lump Sum Payment pursuant to this Section 4, such Participant may accrue an additional Benefit under this Plan after the date of such Lump Sum Payment, provided, however, that such future participation shall not result in duplication of benefits. Accordingly, if he has received a distribution of a Benefit under the Plan by reason of prior participation, his Benefit shall be reduced by the

actuarial equivalent (at the date of the later distribution) of the present value of the Benefit previously paid hereunder.

- (e) Notwithstanding any other provisions of this Second Supplemental Benefit Plan to the contrary, in the event that a portion of the Lump Sum Payment due a Participant pursuant to this Section 4 would not be deductible by the Company pursuant to Section 162(m) of the Code, the Company, at its discretion, may postpone payment of such amounts to the Participant until such time that the payments would be deductible by the Company. Provided, however, that no payment postponed pursuant to this subsection 4(e) shall be postponed beyond the first anniversary of the date such Participant terminated employment. Any Lump Sum Payment postponed pursuant to this subsection 4(e) shall include interest for the period such Lump Sum Payment is postponed at a rate yielding interest equivalent to the per annum secondary market discount rate for six-month U.S. Treasury Bills as published by the Federal Reserve Board for the calendar week ending prior to January 1 (for interest to be credited for either of the two subsequent fiscal quarters ending March 31 or June 30) or prior to July 1 (for interest to be credited for either of the subsequent fiscal quarters ending on September 30 or December 31), or such other rate as determined pursuant to uniform Committee rules.

5. Amendment and Termination. The Corporation, by action of its Board of

Directors, may amend the Second Supplemental Benefit Plan in any respect, or terminate the Second Supplemental Benefit Plan; provided, however, that no such amendment or termination shall be effective to the extent it eliminates or reduces any "Section 411(d)(6) protected benefit" or adds or modifies conditions relating to "Section 411(d)(6) protected benefits" the result of which is a further restriction on such benefit unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. "Section 411(d)(6) protected benefits" are benefits described in Section 411(d)(6)(A) of the Internal Revenue Code of 1986, early retirement benefits and retirement-type subsidies, and optional forms of benefit.

6. Definitions. The following capitalized terms shall have the

respective meanings set forth below:

- (a) "Benefit" shall mean a benefit payable pursuant to, and determined in accordance with the provisions of the Second Supplemental Benefit Plan.
- (b) "Change of Control" shall mean that: (i) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, has acquired shares of the Corporation having 20 percent 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, the persons who were directors of the Corporation before the transaction have ceased to constitute a majority of the Board of Directors of the Corporation or any successor to the Corporation.
- (c) "Code" shall mean the Internal Revenue Code of 1986, as amended.
- (d) "Corporation" shall mean Kimberly-Clark Corporation, and any successor corporation.
- (e) "Committee" shall mean the Committee named under the Retirement Plan.
- (f) "Earnings" shall mean compensation paid by one or more of the designated affiliated companies shown in Appendix B of the Retirement Plan for personal services rendered to one or more of such companies (before any withholding required by law or authorized by the person to whom such compensation is payable), including overtime, bonuses, incentive compensation, Regular Deferred Deposits and special Deferred Deposits under the Kimberly-Clark Corporation Salaried Employees' Incentive Investment Plan, and any salary or bonus, or both, deferred under the Kimberly-Clark Corporation Deferred Compensation Plan, but excluding any payments in lieu of vacation, severance payments, 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.

Notwithstanding the above, for Plan Years of the Retirement Plan beginning on or after January 1, 1980, in the case of a Participant on foreign assignment, as determined by the Employer pursuant to rules adopted by the Committee, earnings shall be base salary, as determined by the Participant's Employer pursuant

to rules adopted by the committee (without regard to any limitation under Section 401(a)(17) of the Code) plus overtime, bonuses, incentive compensation, and Regular Deferred Deposits and Special Deferred Deposits under the Kimberly-Clark Corporation Salaried Employees' Incentive Investment Plan, and any salary or bonus, or both, deferred under the Kimberly-Clark Corporation Deferred Compensation Plan, but shall exclude foreign service premium, cost of living adjustments, housing payments, tax equalization payments, payments in lieu of vacation, severance payments, compensation in a form other than cash (such as goods, services, and, except as otherwise provided herein, contributions to employee benefit programs), service or suggestion award and all other special or unusual compensation of any kind.

- (g) "Employer" shall mean a participating employer shown in Appendix A of the Retirement Plan.
- (h) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.
- (i) "Investment Grade" shall mean a bond rating of BBB minus, or its equivalent, by one of the nationally recognized rating agencies.
- (j) "Lump Sum Payment" shall mean a form of benefit payable as a lump sum cash payment, actuarially determined based on the rate of interest equivalent to the yield on a 30-year Treasury Bond as published in the Federal Reserve Statistical Release for the week that contains the first business day of the month prior to the date such Lump Sum payment is payable under this Second Supplemental Benefit Plan, or such other rate as determined pursuant to uniform Committee rules, and the mortality table set forth for determining actuarial equivalent benefits under Section 10.1(a) of the Retirement Plan, and (i) in the case of a lump sum payment pursuant to subsection 4(a)(i) of this Plan, based on the Participant's Benefit payable from this Plan and his age at the date of such lump sum payment, and (ii) in the case of a lump sum payment pursuant to subsections 4(a)(ii) or 4(a)(iii) of this Plan, based on the Participant's Benefit payable under this plan, the earliest age at which his Benefit from the Retirement Plan could commence if he terminated employment, and the early retirement reduction factor applicable at such age of commencement.
- (k) "Participant" shall mean a participant in the Retirement Plan who (i) is a "managerial or highly compensated employee" of an Employer, within the meaning of Title I of ERISA, and (ii) has earnings in excess of the limit provided under Section 401(a)(17) of the Code for any calendar year in which the Participant participates in the Retirement Plan, except that no individual shall be a participant herein to the extent that such participation is precluded by an agreement between the Corporation and such individual or such individual is subject to a separate agreement regarding deferred compensation which provides for similar benefits.
- (l) "Retirement Plan" shall mean the Kimberly-Clark Corporation Salaried Employees' Retirement Plan, or any successor defined benefit pension plan.
- (m) "Second Supplemental Benefit Plan" shall mean the Second Supplemental Benefit Plan to the Kimberly-Clark Corporation Salaried Employees' Retirement Plan.
- (n) "Supplemental Plan" shall mean the Supplemental Benefit Plan to the Kimberly-Clark Corporation Salaried Employees' Retirement Plan, or any successor to such plan.
- (o) "Survivor" shall refer to any of a Designated Beneficiary, surviving spouse or Surviving Minor Children of a Participant, within the meaning of the Retirement Plan.
- (p) "Timely Elected" shall mean as follows:
 - (i) For payments which are eligible to commence under the Retirement Plan prior to January 1, 1996, the Participant has elected to receive such Lump Sum Payment either (aa) in the calendar year prior to the year in which the payments are eligible to commence under the Retirement Plan or (bb) at least 90 days prior to the date such Lump Sum payment is payable under this Second Supplemental Benefit Plan;
 - (ii) For payments which are eligible to commence under the Retirement Plan on or after January 1, 1996 the Participant has elected to receive such Lump Sum Payment no later than the earlier of (aa) the calendar year prior to the year in which the payments are eligible to commence under the Retirement Plan, (bb) at least 90 days prior to the date such Lump Sum payment is payable under this Second Supplemental Benefit Plan or (cc) for Participants who

terminate employment prior to having attained age 55, the calendar year in which the Participant attained age 54.

7. Miscellaneous

- (a) The Corporation is the Plan Sponsor and Named Fiduciary of the Second Supplemental Benefit Plan, within the meaning of ERISA.
- (b) The Committee shall administer the Second Supplemental Benefit Plan and shall have the same power and duties, and shall be subject to the same limitations, as are set forth in the Retirement Plan.
- (c) An application or claim for a benefit under the Retirement Plan, or an election to receive his benefit in a Lump Sum Payment, shall constitute a claim for a Benefit under the Second Supplemental Benefit Plan.
- (d) The Second Supplemental Benefit Plan is hereby amended and restated effective as of November 17, 1994.

IN WITNESS WHEREOF, the Corporation has adopted this SECOND SUPPLEMENTAL BENEFIT PLAN TO THE KIMBERLY-CLARK CORPORATION SALARIED EMPLOYEES' RETIREMENT PLAN amended and restated as of November 17, 1994.

KIMBERLY-CLARK CORPORATION

By:

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

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

	Year Ended December 31				
	1996	1995	1994	1993	1992
Consolidated Companies					
Income before taxes (a)	\$2,002.3	\$104.4	\$1,147.9	\$492.4	\$ 671.4
Interest expense	186.7	245.5	270.5	249.5	255.8
Interest factor in rent expense...	45.7	36.1	41.9	42.7	46.2
Amortization of capitalized interest	8.6	9.7	9.2	8.1	8.2
Equity Affiliates					
Share of 50%-owned:					
Income before income taxes	49.3	40.6	48.0	35.0	38.0
Interest expense.....	9.5	18.5	15.3	13.7	10.6
Interest factor in rent expense..	.7	.8	.7	.8	.6
Amortization of capitalized interest	.7	.7	.6	.6	.3
Distributed income of less than 50%-owned	48.4	25.1	41.4	41.4	56.2
Earnings	\$2,351.9	\$481.4	\$1,575.5	\$884.2	\$1,087.3
Consolidated Companies					
Interest expense	\$ 186.7	\$245.5	\$ 270.5	\$249.5	\$ 255.8
Capitalized interest	13.9	8.8	20.6	28.4	20.9
Interest factor in rent expense ...	45.7	36.1	41.9	42.7	46.2
Equity Affiliates					
Share of 50%-owned:					
Interest and capitalized interest	9.5	18.9	15.4	13.8	15.5
Interest factor in rent expense ..	.7	.8	.7	.8	.6
Fixed charges	\$ 256.5	\$310.1	\$ 349.1	\$335.2	\$ 339.0
Ratio of earnings to fixed charges(a)	9.17	1.55	4.51	2.64	3.21

Note: The Corporation has provided Midwest Express Airlines, Inc., its former commercial airline subsidiary, with a five-year \$20 million secondary revolving credit facility for use in the event Midwest Express does not have amounts available for borrowing under its revolving bank credit facility. No drawings have been made on these facilities. S.D. Warren was sold on December 20, 1994, and is reflected as a discontinued operation in the consolidated income statement. 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. No losses are expected from these arrangements and they have not been included in the computation of earnings to fixed charges.

(a) The ratio of earnings to fixed charges includes a pretax restructuring charge of \$1,440.0 million in 1995, \$378.9 million in 1993, and \$250.0 million in 1992. Excluding this charge the ratio of earnings to fixed charges was 6.20 in 1995, 3.77 in 1993 3.94 in 1992.

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

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

Certain matters which have occurred in two of the last three years represent major unusual items. These matters and their effect on the comparability of financial data presented in this Management's Discussion and Analysis are discussed below.

1995 Business Combination, Worldwide Integration Plan, and Restructuring and Other Unusual Charges

. On December 12, 1995, Kimberly-Clark merged with Scott Paper Company ('`Scott''), a worldwide producer of sanitary tissue products, and issued .78 of a share of its common stock for each share of Scott common stock. The \$9.4 billion transaction qualified as a tax-free reorganization for income tax purposes and was accounted for as a pooling of interests for financial reporting purposes.

. At the time of the merger, the Corporation implemented a comprehensive plan to integrate its operations with those of Scott. In conjunction with the integration plan, a one-time pretax charge of \$1,440.0 million was recorded in the fourth quarter of 1995 for the estimated costs of the merger, for restructuring the combined operations and for other unusual charges ('`one-time charge''). The details of the items comprising the 1995 one-time charge are set forth in Note 3 to the Financial Statements. Of the one-time charge, \$1,016.9 million has been utilized through December 31, 1996, and the balance of \$423.1 million is expected to be utilized in 1997. At December 31, 1996, the remaining reserves related to the one-time charge are estimated to be adequate to cover the balance of the planned actions.

. The one-time charge decreased 1995 business segment and geographic operating profit as follows:

1995 ONE-TIME CHARGE

(\$ Millions)	North America	Outside North America	Total
Personal Care Products	\$ (92.3)	\$ (138.0)	\$ (230.3)
Tissue-Based Products	(609.8)	(371.4)	(981.2)
Newsprint, Paper and Other	(35.0)	-	(35.0)
	-----	-----	-----
	\$ (737.1)	\$ (509.4)	(1,246.5)
	=====	=====	
Unallocated			(193.5)

Total			\$ (1,440.0)
			=====

The income tax benefit of the 1995 one-time charge is estimated at \$360.0 million, or 25 percent of the pretax charge. The income tax benefit is lower than the statutory income tax rate because certain costs and fees are nondeductible and other costs relate to operations in countries in which the Corporation has income tax loss carryforwards. The 1995 one-time charge, net of applicable income taxes and minority interests, reduced 1995 net income by \$1,070.9 million, or \$3.83 per share.

Modification and Acceleration of the 1993 Scott Restructuring and the 1994 Scott Discontinued Operation

. In August 1994, Scott modified its 1993 restructuring plan to accelerate the timing and to increase total workforce reductions. This modified plan was completed by year-end 1994 and no additional charges were needed to achieve the restructuring. In December 1994, Scott completed the sale of S.D. Warren Company ('`S.D. Warren''), its former printing and publishing papers subsidiary, for approximately \$1.6 billion, including the assumption by the buyer of approximately \$120 million in debt. The operating results of S.D. Warren prior to the

sale have been segregated and reported as a discontinued operation in the income statement.

For purposes of this Management's Discussion and Analysis, the 1995 one-time charge has been segregated in the following business segment and geographic presentations to facilitate a meaningful discussion of ongoing operations. For a description of the Corporation's business segments and a summary of the business segment and geographic data that include the 1995 one-time charge, see Note 16 to the Financial Statements.

ANALYSIS OF CONSOLIDATED OPERATING RESULTS - 1996 COMPARED WITH 1995
By Business Segment

(\$ Millions)	Net Sales				Operating Profit				
	1996	1995	% Change vs. 1995	% OF 1996 CONSOLIDATED	1996	1995	% Change vs. 1995	% Return on Sales 1996	1995
Personal Care Products ..	\$ 4,837.8	\$ 4,384.2	+10.3%	36.8%	\$ 791.3	\$ 570.1	+ 38.8%	16.4%	13.0%
Tissue-Based Products ..	7,372.8	7,524.3	- 2.0	56.1	1,085.2	942.8	+ 15.1	14.7	12.5
Newsprint, Paper and Other .	1,015.4	1,584.3	-35.9	7.7	211.8	259.6	- 18.4	20.9	16.4
1995 one-time charge	-	-	-	-	-	(1,440.0)			
Adjustments .	(76.9)	(119.8)		(.6)	(34.6)	(119.5)			
Consolidated	\$ 13,149.1	\$ 13,373.0	- 1.7%	100.0%	\$ 2,053.7	\$ 213.0	+864.2%	15.6%	1.6%

By Geography

(\$ Millions)	Net Sales				Operating Profit				
	1996	1995	% Change vs. 1995	% OF 1996 CONSOLIDATED	1996	1995	% Change vs. 1995	% Return on Sales 1996	1995
North America	\$ 9,001.8	\$ 9,439.8	- 4.6%	68.5%	\$1,710.4	\$1,420.9	+ 20.4%	19.0%	15.1%
Outside North America ...	4,485.3	4,205.0	+ 6.7	34.1	377.9	351.6	+ 7.5	8.4	8.4
1995 one-time charge	-	-	-	-	-	(1,440.0)			
Adjustments .	(338.0)	(271.8)		(2.6)	(34.6)	(119.5)			
Consolidated	\$ 13,149.1	\$ 13,373.0	- 1.7%	100.0%	\$2,053.7	\$ 213.0	+864.2%	15.6%	1.6%

Notes:

Adjustments to net sales shown in the preceding tables consist of intercompany sales of products between business segments or geographic areas. Adjustments to operating profit consist of expenses not associated with business segments or geographic areas.

Commentary:

Net sales declined 1.7 percent principally because of the loss of revenues from businesses that were divested in 1995 -- Schweitzer-Mauduit International, Inc. ('SMI') and Midwest Express Airlines, Inc. ('Midwest') -- and businesses that were sold in 1996 to satisfy U.S. and European regulatory requirements associated with the Scott merger -- the former Scott baby wipes business and certain consumer tissue businesses in the U.S., the United Kingdom and Ireland. Excluding the net sales of these businesses in both years, consolidated net sales increased 4.6 percent and sales volumes increased 6.0 percent.

- . On a worldwide basis, consolidated sales volumes of personal care products increased more than 14 percent. Partially offsetting the sales volume improvement were lower selling prices for training and youth pants in the U.S. and diapers in Europe.
- . In North America, sales volumes increased for disposable diapers, training and youth pants, wet wipes and professional health care products, while sales volumes for tissue-based products were lower compared with year-ago levels.
- . In Europe, sales volumes were higher for disposable diapers and household tissue products.
- . Sales volumes for personal care products and tissue-based products improved in the Asia/Pacific region and in Latin/South America, due in part to business expansion in Brazil.
- . Despite a second quarter decline, 1996 selling prices were, on average, higher for consumer tissue products in North America and Europe.
- . Excluding the sales of businesses that were divested in 1995, net sales in North America for the Newsprint, Paper and Other business segment increased 5.2 percent.
- . Changes in currency exchange rates are estimated to have decreased consolidated net sales by less than one percent.

Despite the loss of earnings of the divested businesses, gross profit improved 8.0 percent in absolute terms and from 34.0 percent to 37.3 percent as a percentage of sales, primarily due to the higher sales volumes, merger synergies, manufacturing efficiencies for personal care products and lower pulp costs worldwide. Excluding the 1995 one-time charge, operating profit improved 24.2 percent in absolute terms, and from 12.4 percent to 15.6 percent as a percentage of net sales, due to the higher gross margin coupled with merger synergies.

- . Excluding the divested businesses, 1996 operating profit increased more than 30 percent.
- . Management estimates that the synergies from the merger benefited consolidated operating profit by approximately \$280 million in 1996.
- . Operating losses in the infant and child care business in Europe declined in 1996 as a result of higher sales volumes and improved operations. Partially offsetting these improvements were the lower selling prices and higher promotion costs to support the growth in sales volumes and to respond to competitive activity.
- . Operating profit for the Tissue-Based Products business segment improved from 1995 due primarily to lower pulp costs and merger synergies.
- . The decline in expenses not associated with business segments and geographic areas was due primarily to merger synergies resulting from elimination of Scott corporate expenses.
- . Changes in currency exchange rates had no significant effect on consolidated operating profit in 1996.

Additional Income Statement Commentary:

- . Interest expense declined primarily as a result of lower average debt levels.
- . During 1996, U.S. and European regulatory divestitures and the sale of the Corporation's remaining 20 percent interest in Midwest resulted in a net gain of \$.26 per share.
- . During 1995, the sale of 80 percent of the Corporation's interest in Midwest, other asset dispositions and expenses of the SMI spin-off resulted in a net gain of \$.23 per share.
- . The Corporation's effective income tax rate for the full year was 35.0 percent in 1996 compared with 147.0 percent in 1995. Excluding the 1995 one-time charge, the effective tax rate for 1995 was 33.2 percent. The increase in the effective tax rate was attributable primarily to a reduction in 1996 taxable income in jurisdictions in which net operating loss carryforwards were available.
- . The Corporation's share of equity company net income improved by \$39.1 million. The largest contributors to the increase were Kimberly-Clark de Mexico, S.A. de C.V. ('K-C de Mexico') and Kimberly-Clark Australia Pty. Limited ('K-C Australia').
 - . The Corporation's share of earnings from K-C de Mexico increased \$28.5 million from the prior year. The translation of the net exposure of U.S. dollar-denominated liabilities into pesos at K-C de Mexico reduced equity company net income \$2.3 million in 1996 and \$38.5 million in 1995; these translation losses reduced earnings by \$.01 per share in 1996 and \$.14 per share in 1995.
- . In 1996, K-C de Mexico acquired the publicly-held shares of the Corporation's other Mexican affiliate, Compania Industrial de San

Cristobal, S.A. de C.V. ('Cristobal'), and the two affiliates merged. The merger was accounted for as a pooling of interests. Also in 1996, the operations of Cristobal were restructured to, among other things, eliminate duplicate capacity and to comply with merger regulatory requirements of the Mexican Federal Commission of Competition. The Corporation's share of the after-tax effects of the Mexican restructuring plan reduced earnings \$5.5 million, or \$.02 per share, in 1996.

- . Excluding the peso translation losses and the costs of the Mexican restructuring plan, the Corporation's share of earnings of K-C de Mexico was essentially unchanged from the prior year, as the effects of adverse economic conditions at the affiliate were offset by selling price increases, merger-related savings, higher interest income and a lower effective income tax rate.
- . Earnings at K-C Australia improved primarily due to higher selling prices for most consumer products.
- . Excluding the effects of the peso losses, the Mexican restructuring charge, asset dispositions, expenses of the SMI spin-off and the 1995 one-time charge, Kimberly-Clark's net income per share for 1996 increased 23.1 percent to \$4.75 from \$3.86 in 1995.

CHANGES IN 1995 NET SALES AND EARNINGS VERSUS 1994

	1995 vs. 1994	
	Reported	Excluding 1995 One-Time Charge
Net sales	+ 15.0%	+15.0%
Gross profit	+ 18.5	+18.5
Operating profit	- 83.3	+29.4
Income from continuing operations	- 95.7	+44.0
Income per share from continuing operations	- 95.7	+43.1

. The net sales increase in 1995 was a result of higher selling prices, increased sales volumes and improved product mix in many of the Corporation's worldwide businesses. About one-third of the net sales increase was due to higher sales volumes and improved product mix.

. Gross profit improved 18.5 percent primarily because of higher selling prices and improved product mix which more than offset increased fiber costs.

. Excluding the 1995 one-time charge, operating profit improved 29.4 percent due to the higher gross margin coupled with the savings from acceleration of the 1993 restructuring plan. Management estimates that the accelerated plan improved consolidated operating profit by more than \$175 million in 1995 compared to 1994.

. Income from continuing operations improved faster than operating profit, excluding the 1995 one-time charge, primarily because of reduced interest expense due to lower average debt levels, partially offset by lower gains on asset sale transactions in 1995. Also contributing significantly to the improvement was a lower effective income tax rate in 1995 versus 1994 (after excluding the effects of the 1995 one-time charge) primarily as a result of higher earnings in countries where net operating loss carryforwards were realized, tax law changes in the Netherlands that caused deferred tax assets to be recognized and tax credits. The 1994 effective income tax rate was abnormally high due to recording the 1994 effect of a conforming accounting adjustment for Scott's income tax liabilities.

TRENDS IN THE LAST THREE YEARS

NET SALES

(\$ Billions)	1996	1995	1994
Principal products:			
Tissue	\$ 6.9	\$ 6.9	\$ 5.9
Diapers	2.3	2.1	1.7

All other	3.9	4.4	4.0
	-----	-----	-----
Consolidated	\$ 13.1	\$ 13.4	\$ 11.6
	=====	=====	=====

. Consolidated net sales have grown \$1.8 billion, or 15.9 percent, since 1993. The decline from 1995 to 1996 is due to the loss of revenues from businesses that were divested in 1995 and those that were sold in 1996 to satisfy regulatory requirements associated with the Scott merger. Excluding these sales, net sales increased \$0.6 billion in 1996 primarily as a result of higher sales volumes for personal care products worldwide.

. The increase in sales from 1994 to 1995 is attributable primarily to improved selling prices for tissue products, pulp and newsprint, a better product mix and the effects of currency translation.

ANALYSIS OF OPERATING PROFIT AS A PERCENTAGE OF NET SALES

	1996	1995	1994
Net sales	100.0%	100.0%	100.0%
Less:			
Cost of products sold	62.7	66.0	67.0
Marketing expense	15.4	15.6	15.4
Research expense	1.6	1.5	1.8
General expense	4.7	4.5	4.8
1995 one-time charge	-	10.8	-
	----	----	----
Operating profit	15.6%	1.6%	11.0%
	====	====	====

. Excluding the 1995 one-time charge, operating profit margins have improved during each of the last two years.

. As discussed previously, the 1996 improvement in operating profit margin was caused principally by higher sales volumes, merger synergies, manufacturing efficiencies for personal care products and lower pulp costs worldwide.

. The improvement in operating profit margin in 1995 was attributable principally to higher selling prices, which more than offset the industry-wide increase in fiber costs, and to the savings from the acceleration of the 1993 restructuring plan. Offsetting some of the 1995 improvements were higher marketing expenses for the support of Viva Ultra towels and Cottonelle bathroom tissue in the U.S. and Huggies disposable diapers in Europe.

LIQUIDITY AND CAPITAL RESOURCES

(\$ Millions)	Year Ended December 31	
	1996	1995
Cash provided by operations	\$ 1,674.2	\$931.6
Capital spending	883.7	817.6
Proceeds from disposition of property and businesses	455.4	336.1
Ratio of total debt to capital	32.9%	41.9%
Pretax interest coverage - times	11.2	1.6

Commentary:

. Cash provided from operations increased \$742.6 million in 1996 compared to 1995. Excluding the effect of the 1995 one-time charge, the cash flow improvement is attributable, in large part, to the increase in net income, the timing of income tax payments and lower investments in accounts receivable and inventories. Excluding businesses acquired or disposed of, the Corporation was able to manage its sales growth without higher investments in accounts receivable and inventories. Partially offsetting these sources of cash from operations were decreases in accounts payable and

in accrued liabilities, attributable, in large part, to cash payments related to the 1995 restructuring and other unusual accruals.

. During 1995 and 1996, \$86.2 million and \$300.8 million, respectively, of cash payments were charged to the reserves related to the one-time charge. The Corporation expects payments of approximately \$340 million will be charged to these reserves in 1997.

. The ratio of total debt to capital decreased to 32.9 percent in 1996 from 41.9 percent as a consequence of the higher earnings, strong cash flow and reduction in total debt.

. The improvement in the pretax interest coverage to 11.2 times from 1.6 times is due to the lower debt levels, the higher earnings and the effect of the 1995 one-time charge. Excluding the effect of such charge, the 1995 pretax interest coverage was 5.8 times.

. Cash proceeds received in 1996 in connection with the regulatory disposals, the sale of the Corporation's remaining 20 percent interest in Midwest and other asset sales totaled \$455.4 million.

. In 1996, the Corporation purchased 4.1 million shares of its common stock for the treasury at a total cost of approximately \$320 million in connection with its 6.5 million share reacquisition program announced in April 1996 and the remaining authority of a 1994 program. An additional 3.7 million shares remain to be acquired under the 1996 authority. The shares will be used primarily for certain of the Corporation's employee benefit and compensation programs.

. Total debt decreased more than \$485 million during 1996.

. During 1996, the Corporation:

- . Purchased the Peaudouce diaper business in France, thereby making the Corporation the second largest diaper company in Europe;
- . Entered the Brazilian personal care market with the purchase of 51 percent of Kenko do Brasil;
- . Increased its ownership of Kimberly-Clark Argentina to 100 percent;
- . Formed a joint venture company in Israel, Hogla-Kimberly Ltd., by purchasing 49.9 percent of the country's leading consumer products company;
- . Increased ownership interest to 100 percent in Kimberly-Clark de Centro America;
- . Purchased 51 percent of Papelera Guaicaipuro, marking the Corporation's first entry into the Venezuelan tissue market;
- . Acquired an additional 49 percent interest in Kimberly-Clark Malaysia, thereby increasing the Corporation's ownership to 100 percent; and
- . Acquired Zisoft-Bobi, a leading producer of diapers and incontinence care products in the Czech Republic.

These acquisitions were made for cash of \$223.6 million and debt of \$106.8 million.

. The Corporation has agreed to sell its pulp and newsprint mill, inventories and related woodlands at Coosa Pines, Alabama, for approximately \$600 million in cash to Alliance Forest Products ('Alliance'), a Montreal-based company. The transaction, which is subject to completion of financing by Alliance and other customary conditions, is expected to close in late March 1997. The companies also agreed to a five-year supply contract under which the Corporation will purchase a significant portion of the pulp produced at the Coosa mill for use in its consumer products. The Corporation intends to use the proceeds from the sale primarily to fund its ongoing program of share repurchases and to continue to make global acquisitions.

. A shelf registration for \$200 million of debt securities is on file with the Securities and Exchange Commission. The filing provides flexibility to issue debt promptly if the Corporation's needs and market conditions warrant.

. Revolving credit facilities of \$1.0 billion 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.

. 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.

As more fully described in Note 13 to the Financial Statements, the Corporation is a defendant in asbestos litigation involving no specific amount of damages demanded. In addition, a subsidiary of the Corporation is a defendant in numerous actions in state and federal courts seeking damages relating to breast implants allegedly covered by polyurethane foam manufactured by a former division of Scott. The Corporation believes that it has meritorious defenses against the asbestos and breast implant actions and that the final results of such claims, while they cannot be predicted with certainty, will not have a material adverse effect on the Corporation's business or results of operations.

The Corporation has been served with complaints by the Attorney General of the state of West Virginia seeking to recover from certain tobacco companies and other defendants, including the Corporation, monies which West Virginia has spent or will spend on medical care of its citizens with alleged tobacco-related illnesses. The Corporation has filed a motion to dismiss the complaints on several grounds and believes that the Attorney General's claims are without merit.

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

ENVIRONMENTAL MATTERS

The Corporation is subject to federal, state and local environmental protection laws and regulations with respect to its business operations and is operating in compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. Compliance with these laws and regulations is not expected to materially affect the Corporation's business or 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 or results of operations. Additional information concerning environmental matters is disclosed in the Corporation's annual report to the Securities and Exchange Commission on Form 10-K for the year ended December 31, 1996 under the "Business" and "Legal Proceedings" sections.

FOREIGN CURRENCY RISKS, HEDGING ACTIVITIES AND INFLATION RISKS

The Corporation's foreign currency risks and hedging activities are discussed in Notes 7 and 8 to the Financial Statements. As previously discussed, the fluctuations in the value of the Mexican peso have resulted in foreign currency losses at K-C de Mexico in each of the last three years. The Corporation's share of the 1996 peso loss was \$2.3 million, compared with \$38.5 million in 1995 and \$39.2 million in 1994. After excluding the peso losses and the 1996 Mexican restructuring costs, K-C de Mexico's earnings have remained relatively stable during the last three years. Historically, K-C de Mexico has been able to increase both selling prices and sales volumes to recover, over time, the effect of changes in currency exchange rates, as well as cost increases. Nevertheless, management believes the peso foreign currency risk will remain in the foreseeable future.

Beginning in 1997, the Mexican economy has been determined to be hyperinflationary because that country's cumulative inflation rate for the last three years has exceeded 100 percent. For accounting purposes, the functional currency of K-C de Mexico will become the U.S. dollar rather than the Mexican peso. The change in functional currency may negatively affect earnings reported by that affiliate in 1997. On a pro forma basis, if the U.S. dollar had been the functional currency for the entire year 1996, the Corporation's 1996 earnings would not have been significantly affected.

The Corporation's inflation risks are managed on an entity-by-entity basis through selective price increases, productivity increases and cost-containment measures.

OUTLOOK - 1997

Effective April 2, 1997, the Corporation's quarterly dividend will increase 4.3 percent and its common stock will split 2-for-1. The moves reflect the Corporation's record earnings, its strong balance sheet and management's confidence in the future.

The Corporation plans divestitures as part of its strategy to exit the cyclical pulp business. Pulp manufacturing is a capital-intensive business given to price and profit uncertainties and no longer fits with the Corporation's goals as a consumer products company. Internal pulp operations have been meeting approximately 80 percent of the Corporation's worldwide virgin fiber needs. Over the next 18 months, that number is expected to be reduced to below 30 percent. The Corporation will retain sufficient pulp and recycled fiber capacity in North America to support its away-from-home products and its consumer tissue products in the value segment because these products are fiber-intensive and compete with products from fiber-integrated manufacturers. The Corporation plans to purchase market pulp for its premium brands.

The sale of the Corporation's pulp and newsprint mill in Coosa Pines, Alabama, is expected to be completed in late March 1997 for approximately \$600

million in cash. By mid-year 1998, the Corporation plans to sell mills in the following additional locations: Terrace Bay, Ontario; New Glasgow, Nova Scotia; and Miranda, Spain. These facilities will be sold only at a fair price. Management intends to redeploy the capital from its pulp operations into higher-returning investments for the Corporation's shareholders.

In recognition of the Corporation's significant growth prospects, management has set two aggressive, 'stretch' financial goals. First, management is committed to doubling earnings per share from operations for the five-year period from 1995 to the year 2000. To accomplish this, the Corporation must add \$1.1 billion in net earnings or the equivalent of \$1.8 billion in operating earnings. Approximately one-third of these earnings are expected to come from volume growth and half from margin improvements, including benefits of the Scott merger. Acquisitions are expected to provide the balance, more than replacing any loss of earnings from divested businesses. The second goal is to deliver total return to shareholders consistently in excess of the Standard & Poor's 500 Index.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report concerning the business outlook, anticipated financial results, contingencies and contemplated transactions of the Corporation and the adequacy of the 1995 one-time charge 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 which, among other things, depend on the achievement of future cost savings, including cost savings as a result of the Corporation's merger with Scott, the achievement of projected volume increases, the consummation of projected divestitures on terms advantageous to the Corporation and the availability of suitable acquisition candidates. 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, 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.

CONSOLIDATED INCOME STATEMENT

Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars, except per share amounts)	Year Ended December 31		
	1996	1995	1994
NET SALES	\$ 13,149.1	\$ 13,373.0	\$ 11,627.9
Cost of products sold	8,241.4	8,828.1	7,793.7
GROSS PROFIT	4,907.7	4,544.9	3,834.2
Advertising, promotion and selling expenses	2,029.7	2,080.9	1,792.7
Research expense	207.9	207.2	208.8
General expense	616.4	603.8	555.6
Restructuring and other unusual charges	-	1,440.0	-
OPERATING PROFIT	2,053.7	213.0	1,277.1
Interest income	28.1	33.3	24.1
Interest expense	(186.7)	(245.5)	(270.5)
Other income (expense), net	107.2	103.6	117.2
INCOME BEFORE INCOME TAXES	2,002.3	104.4	1,147.9
Provision for income taxes	700.8	153.5	464.9
INCOME (LOSS) BEFORE EQUITY INTERESTS	1,301.5	(49.1)	683.0
Share of net income of equity companies	152.4	113.3	110.5
Minority owners' share of subsidiaries' net income	(50.1)	(31.0)	(27.0)
INCOME FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY LOSS	1,403.8	33.2	766.5
Income of discontinued operation, net of income taxes	-	-	48.4
INCOME BEFORE EXTRAORDINARY LOSS	1,403.8	33.2	814.9

Extraordinary loss, net of income taxes	-	-	(61.1)
NET INCOME	<u>\$ 1,403.8</u>	<u>\$ 33.2</u>	<u>\$ 753.8</u>
PER SHARE BASIS			
Income from continuing operations before extraordinary loss	\$ 4.98	\$.12	\$ 2.76
Income from discontinued operation	-	-	.17
Extraordinary loss	-	-	(.22)
NET INCOME	<u>\$ 4.98</u>	<u>\$.12</u>	<u>\$ 2.71</u>

See Notes to Financial Statements.

CONSOLIDATED BALANCE SHEET
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars)	ASSETS	December 31	
		1996	1995
CURRENT ASSETS			
Cash and cash equivalents	\$ 83.2	\$ 221.6	
Accounts receivable	1,660.9	1,678.0	
Inventories	1,348.3	1,426.1	
Deferred income tax benefits	327.4	335.3	
Prepaid expenses and other	119.4	152.8	
TOTAL CURRENT ASSETS	3,539.2	3,813.8	
PROPERTY			
Land and timberlands	291.9	289.1	
Buildings	1,807.8	1,728.6	
Machinery and equipment	9,234.0	8,601.1	
Construction in progress	593.5	301.1	
	11,927.2	10,919.9	
Less accumulated depreciation	5,113.9	4,866.6	
NET PROPERTY	6,813.3	6,053.3	
INVESTMENTS IN EQUITY COMPANIES	551.1	413.4	
ASSETS HELD FOR SALE.....	-	330.2	
GOODWILL, DEFERRED CHARGES AND OTHER ASSETS	942.1	828.5	
	<u>\$11,845.7</u>	<u>\$ 11,439.2</u>	

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31	
	1996	1995
CURRENT LIABILITIES		
Debt payable within one year	\$ 576.5	\$ 817.8
Trade accounts payable	849.8	888.3
Other payables	269.5	215.3
Accrued expenses	1,460.1	1,555.3
Accrued income taxes	401.3	320.7
Dividends payable	129.7	72.2
TOTAL CURRENT LIABILITIES	3,686.9	3,869.6
LONG-TERM DEBT	1,738.6	1,984.7
NONCURRENT EMPLOYEE BENEFIT AND OTHER OBLIGATIONS	926.1	974.9
DEFERRED INCOME TAXES	762.3	723.1
MINORITY OWNERS' INTERESTS IN SUBSIDIARIES	248.7	236.5
STOCKHOLDERS' EQUITY		
Preferred stock - no par value - authorized 20.0 million shares, none issued	-	-
Common stock - \$1.25 par value - authorized 600.0 million shares; issued 284.3 million and 282.3 million at December 31, 1996 and 1995, respectively	355.4	352.9
Additional paid-in capital	492.1	419.0
Common stock held in treasury, at cost - 2.6 million and 1.5 million shares at December 31, 1996 and 1995, respectively	(214.4)	(74.9)
Unrealized currency translation adjustments	(656.8)	(640.5)
Retained earnings	4,506.8	3,593.9
TOTAL STOCKHOLDERS' EQUITY	4,483.1	3,650.4
	\$ 11,845.7	\$ 11,439.2
	=====	=====

CONSOLIDATED CASH FLOW STATEMENT
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars)	Year Ended December 31		
	1996	1995	1994
OPERATIONS			
Net income	\$1,403.8	\$ 33.2	\$ 753.8
Restructuring and other unusual charges, net of cash expended	-	1,353.8	-
Extraordinary loss on early extinguishment of debt, net of income taxes	-	-	61.1
Depreciation	561.0	581.7	635.9
Deferred income tax provision (benefit)	40.5	(330.0)	(78.6)
Gains on asset sales	(75.1)	(118.5)	(107.9)
Equity companies' earnings in excess of dividends paid	(100.2)	(57.6)	(60.5)
Minority owners' share of subsidiaries' net income	50.1	31.0	27.0

Changes in operating working capital	(141.6)	(527.9)	(215.9)
Pension funding in excess of expense	(28.2)	(89.0)	(101.0)
Other	(36.1)	54.9	(.2)
	-----	-----	-----
CASH PROVIDED BY OPERATIONS	1,674.2	931.6	913.7
	-----	-----	-----
INVESTING			
Capital spending	(883.7)	(817.6)	(857.3)
Acquisitions of businesses	(223.6)	(76.1)	(118.0)
Proceeds from disposition of property and businesses	455.4	336.1	1,936.4
Other	18.9	3.8	(2.4)
	-----	-----	-----
CASH PROVIDED BY (USED FOR) INVESTING	(633.0)	(553.8)	958.7
	-----	-----	-----
FINANCING			
Cash dividends paid	(461.5)	(348.2)	(341.8)
Changes in short-term debt	(348.8)	(25.2)	(111.9)
Increases in long-term debt	75.8	80.7	226.6
Decreases in long-term debt	(321.2)	(944.0)	(586.7)
Premiums paid on early extinguishment of debt and interest rate swaps	-	-	(59.3)
Proceeds from exercise of stock options	207.9	121.4	53.4
Acquisition of common stock for the treasury	(348.8)	(137.8)	(52.2)
Other	17.0	(40.9)	(31.1)
	-----	-----	-----
CASH USED FOR FINANCING	(1,179.6)	(1,294.0)	(903.0)
	-----	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ...	\$ (138.4)	\$ (916.2)	\$ 969.4
	=====	=====	=====

See Notes to Financial Statements.

NOTES TO 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 which are more than 50 percent owned. Investments in significant nonconsolidated companies which are at least 20 percent owned are stated at cost plus equity in undistributed net income. These latter companies are referred to as equity companies.

All financial information includes the results of Scott Paper Company ('Scott') for all periods presented prior to the merger on December 12, 1995 (see Note 2). The merger was accounted for as a pooling of interests. In 1995 and 1994, certain of Scott's international subsidiaries had a fiscal year based on the twelve months ending November 30. In 1996, these international subsidiaries adopted a fiscal year ending December 31. The effect of the fiscal year change was not significant. Additionally, certain reclassifications have been made to conform prior years' 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 period they become known.

PER SHARE DATA

Per share data are based on the average number of common shares outstanding during the period. The average and year-end number of common shares outstanding were as follows:

	Common Shares Outstanding		
(Millions)	1996	1995	1994
	-----	-----	-----
Average	282.0	279.5	278.2

INVENTORIES

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

PROPERTY AND DEPRECIATION

Property, plant and equipment are stated at cost. Depreciable property is depreciated on the straight-line or units-of-production method for financial reporting purposes and generally on an accelerated method for income tax purposes. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the balance sheet and any gain or loss on the transaction is included in income.

GOODWILL, DEFERRED CHARGES AND OTHER ASSETS

Goodwill is amortized on the straight-line method over various periods not exceeding 40 years. The realizability of goodwill is evaluated periodically to assess recoverability and, if warranted, impairment would be recognized.

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

ENVIRONMENTAL EXPENDITURES

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

ACCOUNTING STANDARDS CHANGE

The Corporation adopted Statement of Financial Accounting Standards ('`SFAS''') 123, 'Accounting for Stock-Based Compensation,' effective January 1, 1996, and has elected to continue to measure compensation cost for stock options and awards based on intrinsic value under Accounting Principles Board Opinion 25, 'Accounting for Stock Issued to Employees.' See Note 9.

NOTE 2. BUSINESS COMBINATION

Effective December 12, 1995, the Corporation issued 119.7 million shares of its common stock for all of the outstanding common stock of Scott, a worldwide producer of sanitary tissue products. Scott shareholders received .78 of a share of the Corporation's common stock for each share of Scott's common stock, for a total value of \$9.4 billion. The merger qualified as a tax-free reorganization and was accounted for as a pooling of interests. Accordingly, the Corporation's consolidated financial statements were restated for all periods prior to the business combination to include the results of operations, financial positions and cash flows of Scott. In conjunction with the restatement, accounting practices of Scott were conformed to those of Kimberly-Clark.

NOTE 3. RESTRUCTURING AND OTHER UNUSUAL CHARGES

In the fourth quarter of 1995, the Corporation recorded a one-time pretax charge of \$1,440.0 million ('one-time charge'), \$1,070.9 million after income taxes and minority interests, or \$3.83 per share, for the estimated costs of the merger with Scott, for restructuring the combined operations and for other unusual charges. The charges included: (i) the costs of plant rationalizations and employee terminations to eliminate duplicate facilities and excess capacity; (ii) losses in connection with compliance with decrees of the U.S. Justice Department and the European Commission; (iii) costs of terminating leases, contracts and other long-term agreements; (iv) the direct costs of the merger, including fees of investment bankers, outside legal counsel and independent auditors; (v) impaired asset charges; and (vi) other unusual charges.

The one-time charge was based on management's announced plans and information available at the time the decision was made to undertake the restructuring and other planned actions, and the majority of these actions have been accomplished. However, based on events occurring in 1996, certain aspects of the Corporation's

original plans for integrating the two organizations and accomplishing the objectives of the merger have, of necessity, been reassessed. Although certain specific actions originally contemplated in the 1995 one-time charge have been modified, management still believes that the overall plan for restructuring the Corporation following the merger and accomplishing the other matters included in the one-time charge will be completed at a total cost of approximately \$1,440.0 million.

Major categories of the one-time charge and their subsequent utilization are summarized below:

(Millions of dollars)	Amounts Charged to Earnings in 1995	Amounts Utilized through December 31, 1996(a)	Amounts to be Utilized in 1997(b)
Workforce related	\$ 220.2	\$ 142.0	\$ 78.2
Mill and facility disposals	293.6	293.6	-
Excess capacity, restructured facilities and other assets	449.1	289.9	159.2
Contract settlements, lease terminations, merger fees and expenses and other.	318.8	133.1	185.7
Asset impairments	158.3	158.3	-
	-----	-----	-----
	\$ 1,440.0	\$ 1,016.9	\$ 423.1
	=====	=====	=====

(a) Includes reclassifications between categories as explained below.

(b) As of December 31, 1996, \$339.7 million is included in accrued expenses and the remainder is carried as a reduction in the carrying amount of related assets.

At December 31, 1996, the remaining reserves for restructuring and other unusual charges are estimated to be adequate to cover the planned actions contemplated in the one-time charge, and the reserves are expected to be substantially utilized by December 31, 1997.

The Corporation considers the amounts included in the one-time charge to be utilized when the following specific criteria are met. Workforce related reserves are considered utilized when severance payments and related costs are paid. The reserves for mill and facility disposals are considered utilized when a formal agreement has been reached to sell such facilities. Reserves for excess capacity, restructured facilities and other assets are considered utilized at the occurrence of one of the following events: management (i) enters into specific planned actions to close such facilities; (ii) disposes of such facilities, or (iii) elects to write off such assets because there are no plans for any future recovery. Costs for contract settlements, lease terminations, and merger fees and expenses are considered utilized when such agreements are settled and required payments are made.

Provisions for asset impairments were based on discounted cash flow projections in accordance with SFAS 121, 'Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of,' and such assets were written down to their estimated fair values at December 31, 1995.

The operating costs of mills and facilities targeted for disposal were charged to operating profit during the period such facilities remained in use. Salaries, wages and benefits of employees affected by planned workforce and staff reductions were charged to operations during the time such employees were employed in operations.

During the negotiations with regulatory authorities responsible for approval of the merger and as a consequence of more in-depth studies of certain facilities, several strategic changes were made to the planned restructuring of the Corporation in 1996 as outlined below.

A decision by the European Commission required the sale of the Corporation's tissue mill in Prudhoe, England, and certain consumer tissue businesses in the United Kingdom and Ireland. These disposals were completed in September. While the Prudhoe facility and these businesses were being marketed, management conducted more in-depth studies and evaluations of a number of the European facilities it had originally planned to close or divest. Based on these studies and evaluations, management decided to restructure certain operations. It was decided to consolidate the Corporation's feminine care production at its Forchheim mill in Germany and close its feminine care products mill in Veenendaal, Netherlands. In addition, the Corporation restructured its tissue mill in Larkfield, England, and expects to downsize other facilities in Flensburg and Koblenz, Germany, and Gennepe, Netherlands. Although certain planned actions for individual mills

and facilities were modified in 1996, management believes that the revised plans remain consistent with its overall plan for restructuring the Corporation's operations in Europe and that the costs of such revised plans approximate those estimated in 1995.

The consent decree of the U.S. Justice Department required the sale of the Scott baby wipes business and the related Dover, Delaware, production facility, the licensing of the Scotties facial tissue brand name and the sale of two of four tissue mills located in the U.S. In June, the Corporation sold the baby wipes business previously conducted by Scott and the Dover production facility. In July, the Corporation sold the Fort Edward, New York, tissue mill and licensed the Scotties facial tissue brand and, in November, it sold the Lakeview tissue mill in Neenah, Wisconsin.

The regulatory disposals above resulted in total cash proceeds of approximately \$400 million and a net gain of \$.19 per share. These transactions completed all disposals required to comply with the decrees of the European Commission and the U.S. Justice Department.

The planned actions related to the reserve for write-downs of the carrying amounts of excess capacity, duplicate facilities and other assets were revised due to a fundamental change in plans in 1996 with respect to disposal of a Canadian tissue facility owned by Scott Paper Limited ('SPL'), a 50.1 percent-owned subsidiary. Prior to the merger with Scott, the Corporation entered into an agreement with the Canadian Bureau of Competition Policy in which the Corporation agreed not to manage SPL and to hold SPL separate until agreement was reached on divestitures in Canada. The Corporation originally planned to acquire the remaining interest in SPL and to eliminate excess Canadian tissue-making capacity. However, after due diligence and consideration of the cost and unfavorable impact of the divestitures required to merge the Corporation's Canadian operations, management decided to sell its interest in SPL. Because the SPL sale is expected to result in a gain, the reserve to eliminate excess capacity was no longer needed. Also included in this category of reserves were accrued costs to facilitate an orderly and satisfactory transfer of customer relationships. In 1996, these accrued costs were determined to be underestimated and, consequently, a portion of the excess capacity reserve was reassigned to cover these additional costs.

The Corporation's original plan included a total workforce reduction of 6,000 employees from elimination of duplicate staff and sales positions and the sale of facilities to eliminate duplicate or excess capacity or to satisfy regulatory requirements associated with the merger. As previously mentioned, several modifications to the regulatory disposal program were made during the year. During 1995 and 1996, 4,200 employees left the Corporation under these programs. An additional 1,800 employees, primarily at SPL, will no longer be employed by the Corporation after that subsidiary is sold.

NOTE 4. INCOME TAXES

An analysis of the provision for income taxes follows:

(Millions of dollars)	Year Ended December 31		
	1996	1995	1994
Current income taxes:			
United States	\$ 474.4	\$ 280.3	\$ 429.0
State	67.6	43.7	44.6
Other countries	118.3	159.5	62.6
Total	660.3	483.5	536.2
Deferred income taxes:			
United States	38.8	(133.2)	(74.2)
State	(10.1)	(48.2)	(6.6)
Other countries	11.8	(148.6)	2.2
Total	40.5	(330.0)	(78.6)
Total provision for income taxes.....	700.8	153.5	457.6
Less income taxes related to:			
Discontinued operation	-	-	28.5
Extraordinary loss	-	-	(35.8)
Total provision for income taxes - continuing operations	\$ 700.8	\$ 153.5	\$ 464.9

Income (loss) before income taxes is included in the financial statements as follows:

(Millions of dollars)	1996	1995	1994

Continuing Operations:			
United States	\$1,624.9	\$ 42.5	\$ 976.0
Other countries	377.4	61.9	171.9
	-----	-----	-----
	\$2,002.3	\$ 104.4	\$ 1,147.9
	=====	=====	=====
Discontinued Operation:			
United States	\$ -	\$ -	\$ 71.6
Other countries	-	-	5.3
	-----	-----	-----
	\$ -	\$ -	\$ 76.9
	=====	=====	=====
Extraordinary Loss - United States	\$ -	\$ -	\$ (96.9)
	=====	=====	=====

Deferred income tax assets (liabilities) as of December 31, 1996 and 1995 are comprised of the following:

(Millions of dollars)	1996	1995

Current deferred income tax assets attributable to:		
Advertising and promotion accruals	\$ 41.4	\$ 32.8
Pension, postretirement and other employee benefits	83.4	64.9
Other accrued liabilities, including restructuring and other unusual charges	186.3	250.0
Other	33.2	39.3
Valuation allowances	(16.9)	(51.7)
	-----	-----
Net current deferred income tax asset	\$ 327.4	\$ 335.3
	=====	=====
Noncurrent deferred income tax assets (liabilities) attributable to:		
Accumulated depreciation	\$ (1,016.2)	\$ (950.2)
Operating loss carryforwards	260.7	289.6
Other postretirement benefits	320.8	298.0
Installment sales	(137.9)	(137.9)
Other	-	(13.6)
Valuation allowances	(189.7)	(209.0)
	-----	-----
Net noncurrent deferred income tax liability	\$ (762.3)	\$ (723.1)
	=====	=====

The valuation allowances for deferred income tax assets decreased by \$54.1 million in 1996 and increased by \$34.1 million in 1995. Valuation allowances relate to the potentially unusable portion of tax loss carryforwards of \$712.3

million which are in jurisdictions outside the United States. If not utilized against taxable income, \$277.3 million of this amount will expire from 1997 through 2001. The remaining \$435.0 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.

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

(Millions of dollars)	1996		1995		1994	
	AMOUNT	PERCENT	Amount	Percent	Amount	Percent
Income before income taxes:						
As reported	\$2,002.3		\$ 104.4		\$1,147.9	
Add back restructuring and other unusual charges	-		1,440.0		-	
Income before income taxes excluding restructuring and other unusual charges ...	\$2,002.3		\$ 1,544.4		\$1,147.9	
Tax at U.S. statutory rate(a) .	\$ 700.8	35.0%	\$ 540.5	35.0%	\$ 401.8	35.0%
State income taxes, net of federal tax benefit	37.3	1.9	34.2	2.2	28.2	2.5
Operating losses for which no tax benefit was recognized	22.6	1.1	10.9	.7	53.6	4.7
Net operating losses realized .	(12.6)	(.6)	(70.6)	(4.6)	(21.7)	(1.9)
Increase in income tax liabilities for Scott	-	-	-	-	42.4	3.7
Other - net	(47.3)	(2.4)	(1.5)	(.1)	(39.4)	(3.5)
	700.8	35.0%	513.5	33.2%	464.9	40.5%
Tax benefit of restructuring and other unusual charges(b)	-		(360.0)	25.0%	-	
Provision for income taxes ...	\$ 700.8	35.0%	\$ 153.5	147.0%	\$ 464.9	40.5%

(a) Tax at U.S. statutory rate is based on income before income taxes excluding restructuring and other unusual charges of \$1,440 million in 1995. The tax benefit of such items is shown elsewhere in the table.

(b) The effective rate for the tax benefit attributable to the restructuring and other unusual charges in 1995 is lower than the statutory rate of 35.0 percent because certain costs and fees are not deductible and others relate to operations in countries in which the Corporation has income tax loss carryforwards for which valuation allowances have been recorded.

At December 31, 1996, income taxes have not been provided on approximately \$1.7 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings, which are considered to be indefinitely invested, 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; however, unrecognized foreign tax credit carryforwards would be available to reduce some portion of the U.S. liability. Withholding taxes of approximately \$100 million would be payable upon remittance of all previously unremitted earnings at December 31, 1996.

DEFINED-BENEFIT RETIREMENT PLANS

The Corporation and its subsidiaries in North America and the United Kingdom have defined-benefit retirement plans covering substantially all full-time employees. Plans covering U.S. salaried employees provide pension benefits based on years of service (only through December 31, 1994 for certain employees participating in the defined-contribution retirement plan discussed later in this note) and compensation during the final years of employment. Plans covering U.S. hourly employees provide benefits of stated amounts for each year of service or benefits based on years of service and compensation during the final years of employment. For 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 policy for the remaining plans, which are comprised primarily of pension or termination pay plans outside North America and nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code, is to fund them based on legal requirements, tax considerations, customary business practices in such countries and investment opportunities. Assets held in the pension trusts are comprised principally of common stocks, high-grade corporate and government bonds, real estate funds and various short-term investments.

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

The components of net pension cost were as follows:

(Millions of dollars)	Year Ended December 31		
	1996	1995	1994
Benefits earned	\$ 86.0	\$ 78.0	\$ 103.7
Interest on projected benefit obligation	243.9	249.8	225.8
Amortization and other	13.4	4.0	12.7
	343.3	331.8	342.2
Less expected return on plan assets (actual returns on plan assets were gains of \$446.1 million in 1996 and \$521.7 million in 1995 and a loss of \$3.4 million in 1994)	283.2	276.1	258.7
Net pension cost	\$ 60.1	\$ 55.7	\$ 83.5

The weighted-average assumptions used to determine net pension costs were as follows:

	1996	1995	1994
Expected long-term rate of return on plan assets	9.6%	10.2%	9.8%
Discount rate	7.5%	8.7%	7.4%
Assumed rate of increase in compensation	4.4%	5.4%	4.3%

Transition adjustments are being amortized on the straight-line method over 14 to 21 years. Prior service cost is being amortized on a straight-line basis over the participants' average remaining service period for plans with compensation-related benefit formulas and over seven years for certain other plans.

The funded status of the defined-benefit plans is presented below as of December 31:

(Millions of dollars)	1996 PLANS WHERE		1995 Plans Where	
	ASSETS EXCEED ABO	ABO EXCEEDS ASSETS(a)	Assets Exceed ABO	ABO Exceeds Assets(a)
Actuarial present value of plan benefits:				
Accumulated benefit obligation (ABO):				
Vested	\$2,834.5	\$ 132.7	\$1,638.5	\$1,289.8
Nonvested	48.4	3.4	36.9	40.1
Total	\$2,882.9	\$ 136.1	\$1,675.4	\$1,329.9
Projected benefit obligation	\$3,233.7	\$ 161.0	\$1,974.0	\$1,398.9
Plan assets at fair value	3,318.7	24.5	1,832.6	1,193.5
Projected benefit obligation less than (in excess of) plan assets	\$ 85.0	\$ (136.5)	\$ (141.4)	\$ (205.4)
Consisting of:				
Unfavorable actuarial experience	\$ (48.8)	\$ (32.9)	\$ (261.5)	\$ (94.2)
Unamortized transition adjustments	26.6	(4.2)	4.0	21.9
Unamortized prior service costs	(42.9)	(7.3)	(20.7)	(19.3)
Net prepaid (accrued) pension costs	150.1	(119.4)	136.8	(175.1)
Adjustment for minimum liability	-	27.3	-	61.3
Total	\$ 85.0	\$ (136.5)	\$ (141.4)	\$ (205.4)

(a) In 1996, plans with accumulated benefit obligations that exceed plan assets are comprised primarily of pension or termination pay plans outside North America and nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code. Benefits under these arrangements are paid directly by the sponsoring entity. In addition, in the case of the nonqualified U.S. benefit plans, assets held in Rabbi trusts are available to pay a portion of such benefits. At December 31, 1995, the Scott pension plans were also included in this category. In 1996, as a result of funding by the Corporation, asset performance during the year and current actuarial assumptions, those plans' assets exceed their accumulated benefit obligations at December 31, 1996.

The weighted-average assumptions used to determine the projected benefit obligation were as follows:

	December 31	
	1996	1995
Discount rate(a)	7.9%	7.5%
Assumed rate of increase in compensation	4.9%	4.4%

(a) Weighted-average discount rates for U.S. plans were 7.75% and 7.25% at December 31, 1996 and 1995, respectively.

The Corporation's 1995 one-time charge included \$18.1 million of costs for enhanced termination pension benefits and curtailment losses. This charge increased the Corporation's accrued pension liability.

DEFINED CONTRIBUTION RETIREMENT PLANS

Effective January 1, 1995, certain U.S. salaried employees became covered by a defined contribution retirement plan. The Corporation's contribution to the plan is based on the covered employees' age and compensation. The Corporation's contribution charged to expense was \$8.5 million and \$9.7 million in 1996 and 1995, respectively.

POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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. Benefits are based on years of service and age at retirement. The plans are principally noncontributory for retirees prior to 1993, and are contributory for most future retirees. Certain U.S. plans place a limit on the Corporation's cost of future annual per capita retiree medical benefits at no more than 200 percent of the 1992 annual per capita cost. Certain other U.S. plans place a limit on the Corporation's future cost for retiree medical benefits to a defined annual per capita medical cost.

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

(Millions of dollars)	Year Ended December 31		
	1996	1995	1994
Benefits earned	\$ 12.0	\$ 10.3	\$ 17.5
Interest on accumulated postretirement benefit obligation .	48.0	54.6	47.3
Amortization	(4.4)	(.8)	(.4)
Net postretirement benefit costs (of which \$54.3 million, \$49.9 million, and \$48.5 million were paid in 1996, 1995 and 1994, respectively)	\$ 55.6	\$ 64.1	\$ 64.4

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

(Millions of dollars)	December 31	
	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	\$438.7	\$503.1
Fully eligible active plan participants	62.2	76.1
Other active plan participants	130.9	144.3
Total	631.8	723.5
Favorable actuarial experience	119.0	23.2
Unrecognized prior service gain	22.3	26.9
Total accrued postretirement benefit liability	773.1	773.6
Less current portion	56.5	59.7
Noncurrent portion	\$716.6	\$713.9

Weighted-average discount rates used to determine the accumulated postretirement benefit obligation for all plans were 7.8% and 7.3% at December 31, 1996 and 1995, respectively. The rates used for the U.S. plans were 7.75% and 7.25% at December 31, 1996 and 1995, respectively.

The December 31, 1996 accumulated postretirement benefit obligation for the Kimberly-Clark U.S. plans was determined using an assumed health care cost trend rate of 9.2% in 1997, declining to zero in 2007 and thereafter, which reflects the previously described limit on the Corporation's cost of annual per capita retiree medical benefits. The December 31, 1995 accumulated postretirement

benefit obligation was determined using a trend rate of 9.8% in 1996, declining to zero in 2002 and thereafter.

The December 31, 1996 accumulated postretirement benefit obligation for the Scott U.S. plans was determined using an assumed health care cost trend rate of 9.2% in 1997, declining gradually to an ultimate rate of 6.0% for certain plans and to zero in 2003 and thereafter for others. The December 31, 1995 accumulated postretirement benefit obligation was determined using an assumed health care cost trend rate of 9.0% in 1996, declining gradually to an ultimate rate of 6.0% for certain plans and to zero for others.

A one-percentage point increase in the health care cost trend rates would increase the accumulated postretirement benefit obligation by \$17.0 million at December 31, 1996 and expense by \$1.5 million for the year then ended.

In connection with the business dispositions referred to in Notes 3 and 12, the Corporation transferred certain postretirement benefit obligations to the respective buyers. The net postretirement curtailment and settlement recognized on these sales was a \$2.1 million gain in 1996 and a \$14.9 million loss in 1995. As a result of the 1994 sale of S.D. Warren, referred to in Note 12, the Corporation realized a curtailment gain of \$61.1 million (\$38.5 million after taxes).

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 \$24.1 million, \$26.0 million and \$33.4 million in 1996, 1995 and 1994, respectively.

NOTE 6. DEBT

The major issues of long-term debt outstanding were:

(Millions of dollars)	December 31	
	1996	1995

Kimberly-Clark Corporation:		
7 7/8% Debentures due 2023	\$ 199.7	\$ 199.7
8 5/8% Notes due 2001	199.7	199.6
9 1/8% Notes due 1997	100.0	100.0
9% Notes due 2000	99.9	99.8
6 7/8% Debentures due 2014	99.7	99.7
5% Notes maturing to 2002	54.0	-
9 1/2% Sinking Fund Debentures due 2018	50.0	49.9
6.2% to 7.55% Industrial Development Revenue Bonds maturing to 2023	79.6	97.9
Other	.5	3.4
	-----	-----
	883.1	850.0
Subsidiaries:		
7% Debentures due 2023	193.5	193.3
5.375% Swiss Franc Bonds (swapped into U.S. dollars - effective interest rate of 11.1%) due 2000	99.3	99.1
7.2% to 7.4% British Pound Notes paid in 1996	-	186.3
8.3% to 13% Debentures maturing to 2022	174.7	172.9
Industrial Development Revenue Bonds at variable rates (average rate for December 1996 - 4.7%) due 2018, 2023 and 2024	250.0	250.0
5.53% to 6 3/8% Industrial Development Revenue Bonds maturing to 2007	60.5	76.8
Bank loans and other financings in various currencies at fixed rates (average rate at December 31, 1996 - 9.8%) maturing to 2025	139.1	93.8
Bank loans and other financings in various currencies at variable rates (average rate at December 31, 1996 - 8.2%) maturing to 2003	103.6	162.4
	-----	-----
	1,903.8	2,084.6
Less current portion	165.2	99.9
	-----	-----
Total	\$ 1,738.6	\$ 1,984.7
	=====	=====

Scheduled maturities of long-term debt are \$129.8 million in 1998, \$60.3 million in 1999, \$248.6 million in 2000 and \$225.3 million in 2001.

At December 31, 1996, the Corporation had \$1.0 billion of revolving credit

facilities with a group of banks. These facilities, which were unused at December 31, 1996, permit borrowing at competitive interest rates and are available for general corporate purposes, including backup for commercial paper borrowings. The Corporation pays commitment fees on the unused portion but may cancel the facilities without penalty at any time prior to their expiration. Of these facilities, \$500 million expires in December 1997 and \$500 million expires in March 2001.

Debt payable within one year:

(Millions of dollars)	December 31	
	1996	1995
Commercial paper.....	\$274.0	\$496.5
Current portion of long-term debt	165.2	99.9
Other short-term debt	137.3	221.4
Total	\$576.5	\$817.8

At December 31, 1996 and 1995, the weighted-average interest rate for commercial paper was 5.5 percent and 5.8 percent, respectively.

In 1994, the Corporation recorded an extraordinary loss on the retirement of debt of \$61.1 million, net of income tax benefits of \$35.8 million. The 1994 extraordinary loss related to net premiums paid to retire \$934.2 million of debentures and notes and to terminate interest rate swaps prior to their scheduled maturities. The funding source for these retirements was principally from the net proceeds received on the sale of S.D. Warren. Included in the amounts retired are debentures and notes that were defeased by placing \$221.3 million of U.S. government obligations in an irrevocable trust to service the defeased debt.

NOTE 7. FOREIGN CURRENCY

FOREIGN EXCHANGE RISK

The Corporation and its subsidiaries and affiliates have manufacturing facilities in 35 countries throughout the world. Consequently, Kimberly-Clark is subject to foreign exchange translation risk as a result of strengthening or weakening of various currencies against each other and the U.S. dollar.

Foreign currency losses included in consolidated net income were \$2.9 million, \$46.4 million and \$51.1 million for 1996, 1995 and 1994, respectively. The losses include the Corporation's share of foreign currency losses attributable to the effect of the devaluation of the Mexican peso, as explained below, and losses from other currency transactions and from the translation of balance sheet accounts of operations in hyperinflationary economies.

Certain equity affiliates and subsidiaries, located in Mexico and Latin America, have financed a portion of their operations with U.S. dollar-denominated liabilities, thereby creating foreign currency transaction risks. The net exposure of the U.S. dollar-denominated liabilities of these entities at December 31, 1996 was approximately \$340 million of which approximately \$310 million was attributable to the Corporation's Mexican affiliate. The Corporation's share of the foreign currency transaction risk attributable to these liabilities was approximately \$160 million. Since December 1994 and throughout 1995 and 1996, the value of the Mexican peso has declined. The Corporation's share of the nonoperating, after-tax foreign currency losses attributable to the effect of the 1994 devaluation and subsequent fluctuations on the net exposure of the U.S. dollar-denominated liabilities of its Mexican affiliate was \$2.3 million, or \$.01 per share, \$38.5 million, or \$.14 per share, and \$39.2 million, or \$.14 per share, in 1996, 1995 and 1994, respectively.

TRANSLATION RISK

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

The income statements and balance sheets of operations in hyperinflationary economies, i.e., Brazil and Venezuela, are translated into U.S. dollars using both current and historical rates of exchange. For balance sheet accounts translated at current exchange rates, such as cash and accounts receivable, the differences from historical exchange rates are reflected in income. Effective January 1, 1997, the Mexican economy has been determined to be hyperinflationary and, as a consequence, the 1997 financial statements of the Corporation's Mexican operations will be translated as described previously in this paragraph.

Translation exposure 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.

NOTE 8. FINANCIAL INSTRUMENTS

The Corporation, in the conduct of its international business, has transactions denominated in numerous currencies. Consequently, the Corporation is subject to foreign currency, price and interest rate risks, and it uses various financial instruments and derivatives to manage such risks when it is practicable and economical to do so.

Foreign currency risks arise from transactions and commitments denominated in nonlocal currencies. These transactions and commitments include the purchase of raw materials, finished goods or items of property, plant and equipment, receipt of dividends or royalties and fees, the sale of products and the repayment of loans.

The instruments used to hedge foreign currency risks are forward contracts ('contracts'), currency swaps and, to a lesser extent, option contracts. Usually these hedging arrangements extend for no more than 12 months, although some currency swaps, which are used to hedge certain foreign currency borrowings, extend through the year 2000. Hedging instruments, all of which are purchased from well-known money center banks (counterparties) throughout the world, are expressed in notional principal amounts, which are contractual balances upon which the calculation of the amounts to be exchanged are based. 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 risks with respect to the counterparties are considered minimal in view of the financial strength of the counterparties.

Gains and losses on instruments that hedge firm commitments are deferred and included in the basis of the underlying hedged items. Premiums paid for options are amortized ratably over the life of the option. Contracts used to hedge recorded foreign currency transactions generally mature within 120 days 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.

The following table presents the aggregate notional principal amounts, carrying values and fair values of the Corporation's foreign currency financial instruments outstanding at December 31, 1996 and 1995:

(Millions of dollars)	DECEMBER 31, 1996			December 31, 1995		
	NOTIONAL PRINCIPAL AMOUNTS	CARRYING VALUES	FAIR VALUES	Notional Principal Amounts	Carrying Values	Fair Values
Forward contracts						
Assets	\$480.1	\$ 8.2	\$ 6.5	\$698.9	\$ 5.4	\$ 3.6
Liabilities	543.0	(.8)	(3.6)	479.2	(6.1)	(5.9)
Currency swaps						
Assets	28.1	.1	(1.6)	-	-	-
Liabilities	-	-	-	61.4	(.1)	(12.3)
Option contracts						
Assets	10.0	.2	.1	-	-	-

In addition to the above items, the Corporation has assets and liabilities which qualify as financial instruments. The carrying value and fair value for each of these items are summarized below:

(Millions of dollars)	DECEMBER 31, 1996		December 31, 1995	
	CARRYING VALUE	FAIR VALUE	Carrying Value	Fair Value
Cash and cash equivalents	\$ 83.2	\$ 83.2	\$ 221.6	\$ 221.6
Long-term variable rate notes receivable	220.0	220.0	220.0	220.0
Short-term debt	(411.3)	(411.3)	(717.9)	(717.9)
Current maturities and long-term debt	(1,903.8)	(1,956.8)	(2,084.6)	(2,249.0)

The estimated fair values of the Corporation's financial instruments are generally based on quoted market prices or on current rates available to the Corporation for financial instruments of similar remaining maturities and do not include potential tax effects or possible expenses incurred in settling the transactions.

NOTE 9. EQUITY PARTICIPATION PLANS AND STOCK OPTIONS

Kimberly-Clark Equity Participation 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 and/or shares of the Corporation's stock based on the increase in the book value of the Corporation's common stock during the award period. Participants do not receive dividends on the participation shares, but their accounts are credited with dividend shares payable in cash and/or shares of the Corporation's stock at the maturity of the award. Neither participation nor dividend shares are shares of common stock.

Data concerning participation and dividend shares follow:

	1996	1995	1994
Outstanding - Beginning of year.....	2,996,850	3,795,678	3,584,354
Awarded	977,000	1,052,650	-
Dividend shares credited - net	341,250	432,195	358,499
Matured	(655,964)	(2,199,273)	(84,775)
Forfeited	(72,550)	(84,400)	(62,400)
Outstanding - End of year	3,586,586	2,996,850	3,795,678

As permitted by SFAS 123, "Accounting for Stock-Based Compensation," the Corporation has elected to follow Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees," to measure compensation cost for employee stock options. The pro forma effect of applying the SFAS 123 fair value method of measuring compensation costs to the Corporation's stock-based awards was not significant to reported net income and earnings per share. All stock options are granted at not less than market value and expire 10 years after the date of grant. The Kimberly-Clark options become exercisable over three years. The Scott stock options outstanding and exercisable at the date of the merger were converted to Kimberly-Clark stock options, and no additional shares will be granted under the Scott plans.

Data concerning stock options follow:

	1996		1995		1994	
	OPTIONS (000)	WEIGHTED- AVERAGE EXERCISE PRICE	Options (000)	Weighted- Average Exercise Price	Options (000)	Weighted- Average Exercise Price
Outstanding-Beginning of year	10,344	\$41.15	13,851	\$35.07	10,386	\$32.47
Granted.....	1,438	79.88	2,127	49.83	6,292	34.92
Exercised.....	(5,347)	36.98	(4,192)	29.41	(2,076)	25.15
Rescinded options.....	-		(1,216)	27.11	-	
Canceled, expired or adjusted	(131)	55.26	(226)	21.78	(751)	28.63
Outstanding-End of year..	6,304(a)	53.22	10,344	41.15	13,851	35.07
Exercisable-End of year..	3,761	44.48	8,039	38.33	7,390	31.51

(a) At December 31, 1996, exercise prices, number of options outstanding and weighted-average expiration dates are shown in the following table:

Exercise Price Range	Number of Options Outstanding (000)	Weighted-Average Expiration Date
\$21.96 - \$40.00	1,359	2000
\$40.27 - \$57.58	3,529	2004
\$79.88	1,416	2006

	6,304	
	=====	

At December 31, 1996, the number of additional shares of common stock of the Corporation available for option and sale under the 1992 Plan or for award as participation shares at such date under the 1992 Plan was 2,684,636 shares. Amounts expensed related to participation shares awarded under the Plans were \$17.9 million, \$15.2 million and \$12.3 million in 1996, 1995 and 1994, respectively.

NOTE 10. COMMITMENTS

LEASES

The future minimum obligations under leases having an initial or remaining noncancelable term in excess of one year as of December 31, 1996 are as follows:

(Millions of dollars)	Operating Leases
Year Ending December 31:	
1997	\$ 54.3
1998	44.5
1999	28.8
2000	21.4
2001	20.5
Thereafter	97.8

Future minimum obligations	\$ 267.3
	=====

Operating lease obligations have been reduced by \$23.3 million for rental income from noncancelable sublease agreements. Although the Corporation is primarily liable for rental payments under these leases, no loss is expected from the sublease arrangements.

Consolidated rental expense under operating leases was \$147.9 million, \$157.0 million and \$163.7 million in 1996, 1995 and 1994, respectively.

OTHER

The Corporation has entered into long-term contracts for the purchase of raw materials, primarily pulp. The minimum purchase commitments extend to 2002. At current prices, the commitments are approximately \$220 million, \$180 million and \$60 million in 1997, 1998 and 1999, respectively and approximately \$50 million thereafter. These purchase commitments are not expected to result in losses.

NOTE 11. STOCKHOLDERS' EQUITY

Changes in common stock issued, treasury stock, additional paid-in capital, retained earnings and unrealized currency translation adjustments ('UTA') are shown below:

(Millions of dollars, except per share amounts)	Common Stock Issued		Treasury Stock		Additional Paid-In Capital	Retained Earnings	UTA
	Shares	Amount	Shares	Amount			
Balance at December 31, 1993	278,191,727	\$347.8	1,753,769	\$(45.3)	\$332.1	\$3,632.9	\$(463.9)
Shares issued for the exercise of stock options, stock awards and restricted stock	2,355,110	2.9	(341,793)	9.5	52.7	-	-
Purchased for treasury .	-	-	1,013,848	(52.2)	-	-	-
Translation adjustment .	-	-	-	-	-	-	(101.1)
Minimum pension liability adjustment	-	-	-	-	-	1.7	-

Net income	-	-	-	-	-	753.8	-
Dividends declared on:							
Common shares	-	-	-	-	-	(342.8)	-
Preferred shares	-	-	-	-	-	(.3)	-
	-----	-----	-----	-----	-----	-----	-----
Balance at December 31, 1994	280,546,837	350.7	2,425,824	(88.0)	384.8	4,045.3	(565.0)
Shares issued for the exercise of stock options, stock awards and restricted stock	3,895,587	4.8	(436,291)	12.7	150.4	-	-
Conversion of Scott options and restricted shares payable upon change of control	832,469	1.1	-	-	18.3	-	-
Cancellation of Scott treasury shares	(2,994,775)	(3.7)	(2,994,775)	138.2	(134.5)	-	-
Distribution of net assets of Schweitzer-Mauduit International, Inc. .	-	-	-	-	-	(119.0)	(13.3)
Purchased for treasury .	-	-	2,484,966	(137.8)	-	-	-
Translation adjustment .	-	-	-	-	-	-	(62.2)
Minimum pension liability adjustment	-	-	-	-	-	(15.8)	-
Net income	-	-	-	-	-	33.2	-
Dividends declared on:							
Common shares	-	-	-	-	-	(349.5)	-
Preferred shares	-	-	-	-	-	(.3)	-
	-----	-----	-----	-----	-----	-----	-----
Balance at December 31, 1995	282,280,118	352.9	1,479,724	(74.9)	419.0	3,593.9	(640.5)
Shares issued for the exercise of stock options, stock awards and restricted stock	2,018,287	2.5	(3,344,089)	209.3	73.1	-	-
Purchased for treasury .	-	-	4,475,962	(348.8)	-	-	-
Translation adjustment .	-	-	-	-	-	-	(16.3)
Minimum pension liability adjustment	-	-	-	-	-	28.1	-
Net income	-	-	-	-	-	1,403.8	-
Dividends declared on common shares	-	-	-	-	-	(519.0)	-
	-----	-----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1996	284,298,405	\$355.4	2,611,597	\$(214.4)	\$ 492.1	\$4,506.8	\$(656.8)
	=====	=====	=====	=====	=====	=====	=====

At December 31, 1996, unremitted net income of equity companies included in consolidated retained earnings was \$718.3 million.

Scott had preferred shares outstanding in each of the years ended December 31, 1993 and 1994 (46,205 shares of \$3.40 series and 24,435 shares of \$4.00 series) which were redeemed for cash prior to the merger in 1995. Such preferred stock was carried at \$7.1 million and was redeemed for \$7.3 million. All other preferred stock issues of Scott which were authorized but unissued were canceled effective with the merger.

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 one-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 which would result in the ownership of 20 percent or more of the Corporation's outstanding common shares.

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

The rights may be redeemed at \$.01 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.

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

NOTE 12. DISPOSITIONS OF BUSINESSES

The Corporation has agreed to sell its pulp and newsprint mill, inventories and related woodlands at Coosa Pines, Alabama, for approximately \$600 million in cash to Alliance Forest Products ('Alliance'), a Montreal-based company. The transaction, which is subject to completion of financing by Alliance and other customary conditions, is expected to close in late March 1997. The companies also agreed to a five-year supply contract under which the Corporation will purchase a significant portion of the pulp produced at the Coosa mill for use in its consumer products.

In 1995, the Corporation sold 80 percent of its investment in Midwest Express Airlines, Inc. through an initial public offering and recognized a gain of \$.14 per share, and in 1996, the Corporation sold its remaining 20 percent interest and recognized a gain of \$.07 per share. During 1995, the Corporation spun off its tobacco-related business operations in the United States, Canada and France in a tax-free transaction.

On December 20, 1994, Scott completed the sale of S.D. Warren, its former printing and publishing papers subsidiary, to an investor group led by Sappi Limited. Scott received \$1.6 billion, which included the buyer's assumption of approximately \$120 million of debt. In connection with the transaction, Scott remained either contingently liable as guarantor, or directly liable as the original obligor for certain debt and lease obligations of S.D. Warren. The buyer provided Scott with a letter of credit from a major financial institution guaranteeing repayment of these obligations. The Corporation believes it will incur no liability under these arrangements. S.D. Warren's operations have been segmented and reported as a discontinued operation in the consolidated income statement in 1994.

In 1994, the sale of Scott's former energy and recovery complex assets located at its Mobile, Alabama mill site was completed for approximately \$350 million. In addition, during 1994, Scott's interest in a 50-percent-owned health care joint venture was sold for approximately \$65.7 million. These asset dispositions resulted in a gain of \$.22 per share.

In 1994, the Corporation also sold its tissue mill in Memphis, Tennessee, adhesive-coated label stock business in Troy, Ohio, tissue subsidiary in Brazil and Spenco Medical Corporation and received total proceeds of \$118.2 million. These transactions had no significant effect on 1994 earnings.

NOTE 13. CONTINGENCIES

Since 1990, numerous lawsuits, related to exposure to asbestos, have been filed in state and federal courts by thousands of plaintiffs against multiple defendants, including, in some cases, the Corporation. After the settlement of several matters in 1995, there remain three consolidated multiple plaintiff asbestos actions in Texas state courts that include less than 250 claims against the Corporation. The plaintiffs allege, with respect to the Corporation, that they sustained personal injuries and/or emotional distress from alleged exposure to asbestos-containing materials while working at the Corporation's Coosa Pines, Alabama, mill as employees of independent contractors at various times since the mill's construction and that, in its capacity as a premises owner, the Corporation is responsible, in part, for these injuries. The complaints do not specify the amount of damages demanded.

Kimberly-Clark Tissue Company, formerly named Scott Paper Company, is a defendant in numerous actions in state and federal courts seeking damages relating to breast implants. The actions allege that the plaintiffs' breast implants were covered by polyurethane foam manufactured by Scott's former Foam Division, which was sold in 1983, and that the foam caused physical and/or psychological harm to the plaintiffs. Under a ruling covering federal multi-district litigation, all federal cases have been consolidated in the Northern District of Alabama for pre-trial purposes. In April 1995, the court granted Scott's motion for summary judgment and dismissed with prejudice all claims pending against Scott and the purchaser of Scott's Foam Division. Scott's similar motion for summary judgment was granted in the consolidated California state actions. Actions in other state courts have not reached the stage in the litigation process where similar summary judgment motions can be filed.

In the consolidated federal suit, the plaintiffs initially appealed the summary judgment but then agreed, in January 1996, to dismiss the appeal against Scott and its related entities. In the consolidated California actions, the plaintiffs never filed an appeal. Therefore, the summary judgments in Scott's favor in the federal multi-district litigation and in California are final and no new legal claims can be filed in either any United States district court or in California. In the hundreds of actions pending in other state courts, the actions are in various stages of early discovery.

The Corporation believes that it has meritorious defenses against the asbestos and breast implant actions and that the final results of such claims, while they cannot be predicted with certainty, will not have a material adverse effect on the Corporation's business or results of operations.

In June and November 1996, the Corporation was served with amended complaints in the action originally filed on September 20, 1994 by the Attorney General of the state of West Virginia in the Circuit Court of Kanawha County seeking to recover from certain tobacco companies and other defendants, including the Corporation, monies which West Virginia allegedly has spent and will spend on medical care for its citizens with alleged tobacco-related illnesses. Among other things, the amended complaints allege that the Corporation aided, abetted and participated in the manufacture of cigarettes by supplying reconstituted tobacco sheets to the tobacco company defendants and advertising that the use of such sheets would allow the tobacco companies to manipulate the level of nicotine in their cigarettes.

The Attorney General amended the original complaints to add Public Employees Insurance Agency and the Department of Health and Human Services as plaintiffs in an effort to reinstate eight common law counts which had been dismissed against the Corporation and the other defendants on June 6, 1995 on the basis that the Attorney General lacked the authority to bring the suit in his own name. The Corporation has filed a motion to dismiss the amended complaints on several grounds. The Corporation believes the Attorney General's claims are without merit.

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

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 or results of operations.

NOTE 14. SUPPLEMENTAL DATA (Millions of dollars)

SUPPLEMENTAL BALANCE SHEET DATA

	December 31	
	----- 1996	1995 -----
Summary of Accounts Receivable and Inventories		

Accounts Receivable:		
From customers	\$1,481.5	\$1,579.5
Other	225.7	183.2
Less allowance for doubtful accounts and sales discounts	(46.3)	(84.7)
	-----	-----
Total	\$1,660.9	\$1,678.0
	=====	=====
Inventories by Major Class:		
At the lower of cost on the First-In, First-Out (FIFO) method or market:		
Raw materials	\$ 363.7	\$ 373.7
Work in process	219.7	281.0
Finished goods	803.6	785.2
Supplies and other	201.7	251.1
	-----	-----
	1,588.7	1,691.0
Excess of FIFO cost over Last-In, First-Out (LIFO) cost	(240.4)	(264.9)
	-----	-----
Total	\$ 1,348.3	\$1,426.1
	=====	=====

Total inventories include \$493.8 million and \$519.4 million of inventories valued on the LIFO method at December 31, 1996 and 1995, respectively.

	December 31	
	----- 1996	1995 -----
Summary of Accrued Expenses		

Accruals for restructuring and other unusual charges	\$ 339.7	\$ 610.7
Accrued advertising and promotion expense	264.1	250.6

Accrued salaries and wages	293.8	339.6
Other accrued expenses	562.5	354.4
	-----	-----
Total accrued expenses	\$ 1,460.1	\$ 1,555.3
	=====	=====

SUPPLEMENTAL CASH FLOW STATEMENT DATA

Summary of Cash Flow Effects of Changes in

Year Ended December 31

Operating Working Capital*	1996	1995	1994
Accounts receivable	\$ 34.2	\$ (264.5)	\$ (287.4)
Inventories	15.9	(191.3)	(74.1)
Prepaid expenses	21.6	(56.7)	3.5
Trade accounts payable	(55.6)	148.8	116.0
Other payables	54.2	10.8	35.8
Accrued expenses	(352.5)	(111.8)	(222.6)
Accrued income taxes	141.0	(63.0)	228.8
Currency rate changes	(.4)	(.2)	(15.9)
	-----	-----	-----
Changes in operating working capital	\$ (141.6)	\$ (527.9)	\$ (215.9)
	=====	=====	=====

* Excludes the effects of acquisitions, dispositions and the 1995 one-time charge.

Other Cash Flow Data	1996	1995	1994
Interest paid	\$ 219.8	\$ 259.9	\$ 333.5
Income taxes paid	503.0	570.1	321.2
Increase (decrease) in cash and cash equivalents due to exchange rate changes	-	(.7)	7.3
Reconciliation of changes in cash and cash equivalents:			
Balance, January 1	\$ 221.6	\$ 1,137.8	\$ 168.4
Increase (decrease)	(138.4)	(916.2)	969.4
	-----	-----	-----
Balance, December 31	\$ 83.2	\$ 221.6	\$ 1,137.8
	=====	=====	=====

Interest Expense	1996	1995	1994
Gross interest cost	\$ 200.6	\$ 254.3	\$ 351.5
Capitalized interest	(13.9)	(8.8)	(20.6)
Interest expense allocated to discontinued operation	-	-	(60.4)
	-----	-----	-----
Interest expense	\$ 186.7	\$ 245.5	\$ 270.5
	=====	=====	=====

Interest expense is capitalized on major construction projects. Interest expense in 1994 was allocated to the discontinued operation based on the ratio of net assets sold to the sum of consolidated common stockholders' equity and consolidated debt less debt specifically related to the discontinued operation.

NOTE 15. UNAUDITED QUARTERLY DATA

(Millions of dollars, except per share amounts)	1996(a, b)				1995(a, b)			
	FOURTH	THIRD(C)	SECOND(D)	FIRST	Fourth(e)	Third (f)	Second	First
Net sales	\$3,323.6	\$3,275.7	\$3,347.7	\$3,202.1	\$3,297.9	\$3,509.5	\$3,393.7	\$3,171.9
Gross profit	1,229.3	1,256.0	1,254.3	1,168.1	1,090.1	1,229.9	1,173.2	1,051.7
Operating profit (loss)	526.4	545.8	488.2	493.3	(1,087.9)	496.3	435.7	368.9
Net income (loss)	347.1	377.2	364.7	314.8	(841.7)	367.9	307.4	199.6
Net income (loss) per share	1.23	1.34	1.30	1.11	(3.01)	1.32	1.10	.71
Cash dividends declared per share46	.46	.46	.46	.45	.45	.45	.45
Market price:								
High	99-5/8	88-3/4	77-7/8	83	83	68-3/4	62-5/8	53-3/8
Low	84-3/8	71-3/8	68-5/8	74	66-5/8	57-1/2	50-1/8	47-1/4
Close	95-1/4	88-1/8	77-1/4	74-3/8	82-3/4	67-1/8	59-7/8	52

(a) Certain promotional costs incurred in 1995 and the first quarter of 1996 have been reclassified from advertising, promotion and selling expenses to a reduction in net sales to conform to the presentation of such data for the year ended December 31, 1996.

(b) Results include nonoperating effects for the Corporation's share of foreign currency losses incurred by its Mexican affiliate on the translation of the net exposure of U.S. dollar-denominated liabilities into pesos resulting from the fluctuation of the Mexican peso. Effects for the quarters are as follows:

(Millions of dollars, except per share amounts)	1996				1995			
	FOURTH	THIRD	SECOND	FIRST	Fourth	Third	Second	First
Nonoperating gain (loss) due to the peso	\$(4.4)	\$.7	\$(.6)	\$2.0	\$(18.1)	\$(2.0)	\$8.4	\$(26.8)
Per share gain (loss) due to the peso	(.02)	-	-	.01	(.06)	(.01)	.03	(.10)

In the fourth quarter 1996, the Corporation's Mexican affiliate recorded a nonoperating charge to cover restructuring costs related to its merger with the Corporation's other Mexican affiliate. The Corporation's share of the after-tax effect of this charge was \$5.5 million, or \$.02 per share.

(c) Includes a net gain of \$.10 per share related to the sale of certain tissue businesses in the United Kingdom and Ireland, a tissue mill in Prudhoe, England, and the Lakeview tissue mill in Neenah, Wisconsin.

(d) Includes a net gain of \$.16 per share related to the divestiture of the former Scott baby wipes and facial tissue businesses in the U.S. and the sale of the Corporation's remaining 20 percent interest in Midwest Express Airlines, Inc.

(e) Includes the 1995 one-time charge of \$1,440.0 million (\$1,070.9 million after income taxes and minority interests, or \$3.83 per share).

(f) Includes a gain of \$.14 per share related to the sale of 80 percent of Midwest Express Airlines, Inc.

NOTE 16. BUSINESS SEGMENT AND GEOGRAPHIC DATA

For financial reporting purposes, the Corporation's businesses are separated into three segments.

- . Personal Care Products includes infant, child, feminine and incontinence care products; wet wipes; health care products; and related products.
- . Tissue-Based Products includes tissue and wipers for household and away-from-home use; pulp; and related products.
- . Newsprint, Paper and Other includes newsprint, printing papers, premium business and correspondence papers, specialty papers, technical papers, and related products; and other products and services.

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		
	1996	1995	1994	1996	1995(a)	1994
Personal Care Products .	\$ 4,837.8	\$ 4,384.2	\$ 3,783.6	\$ 791.3	\$ 339.8	\$ 582.7
Tissue-Based Products ..	7,372.8	7,524.3	6,420.1	1,085.2	(38.4)	576.3
Newsprint, Paper and Other	1,015.4	1,584.3	1,514.6	211.8	224.6	213.0
Combined	13,226.0	13,492.8	11,718.3	2,088.3	526.0	1,372.0
Intersegment sales	(76.9)	(119.8)	(90.4)	-	-	-
Unallocated items - net	-	-	-	(34.6)	(313.0)	(94.9)
Consolidated	<u>\$ 13,149.1</u>	<u>\$13,373.0</u>	<u>\$11,627.9</u>	<u>\$2,053.7</u>	<u>\$ 213.0</u>	<u>\$1,277.1</u>

(Millions of dollars)	Assets			Depreciation			Capital Spending		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
Personal Care Products .	\$ 3,376.1	\$ 3,369.7	\$ 3,162.1	\$174.9	\$193.1	\$162.2	\$227.2	\$237.4	\$313.6
Tissue-Based Products .	6,512.8	5,982.2	5,862.3	343.1	323.6	322.4	608.5	485.5	393.3
Newsprint, Paper and Other	655.6	682.2	993.5	32.6	51.0	135.6	37.8	76.4	119.4
Combined ...	10,544.5	10,034.1	10,017.9	550.6	567.7	620.2	873.5	799.3	826.3
Unallocated(b) and intersegment assets ...	1,301.2	1,405.1	2,537.8	10.4	14.0	15.7	10.2	18.3	31.0
Consolidated	<u>\$ 11,845.7</u>	<u>\$11,439.2</u>	<u>\$ 12,555.7</u>	<u>\$561.0</u>	<u>\$581.7</u>	<u>\$635.9</u>	<u>\$883.7</u>	<u>\$817.6</u>	<u>\$857.3</u>

(a) Operating profit in 1995 for Personal Care Products; Tissue-Based Products; Newsprint, Paper and Other; and Unallocated includes \$230.3 million, \$981.2 million, \$35.0 million and \$193.5 million, respectively, of the restructuring and other unusual charges described in Note 3.

(b) Assets include investments in equity companies of \$551.1 million, \$413.4 million and \$555.3 million in 1996, 1995 and 1994, respectively.

CONSOLIDATED OPERATIONS BY GEOGRAPHIC AREA

(Millions of dollars)	Net Sales			Operating Profit		
	1996	1995	1994	1996	1995(a)	1994
United States	\$ 8,142.5	\$ 8,642.3	\$ 8,062.7	\$1,601.0	\$661.9	\$1,152.5
Canada	1,311.0	1,250.1	955.1	109.4	21.9	34.9
Intergeographic items(b)	(451.7)	(452.6)	(356.5)	-	-	-
North America	9,001.8	9,439.8	8,661.3	1,710.4	683.8	1,187.4
Europe	2,881.8	2,862.5	2,340.5	177.9	(277.5)	62.2
Asia, Latin America and Africa	1,603.5	1,342.5	836.1	200.0	119.7	122.4
Combined	13,487.1	13,644.8	11,837.9	2,088.3	526.0	1,372.0
Intergeographic items ...	(338.0)	(271.8)	(210.0)	-	-	-
Unallocated items - net .	-	-	-	(34.6)	(313.0)	(94.9)
Consolidated	\$ 13,149.1	\$13,373.0	\$ 11,627.9	\$2,053.7	\$213.0	\$1,277.1

(Millions of dollars)	Assets		
	1996	1995	1994
United States	\$ 5,703.6	\$ 5,728.0	\$ 5,841.0
Canada	825.6	609.1	759.5
Intergeographic items	(50.2)	(47.3)	(54.4)
North America	6,479.0	6,289.8	6,546.1
Europe	2,579.0	2,592.7	2,687.6
Asia, Latin America and Africa	1,610.2	1,240.1	855.2
Combined	10,668.2	10,122.6	10,088.9
Intergeographic items	(131.1)	(99.2)	(86.9)
Unallocated items - net (c)	1,308.6	1,415.8	2,553.7
Consolidated	\$ 11,845.7	\$ 11,439.2	\$12,555.7

(a) Operating profit in 1995 for the U.S.; Canada; Europe; Asia, Latin America and Africa; and Unallocated includes \$575.6 million, \$161.5 million, \$464.1 million, \$45.3 million and \$193.5 million, respectively, of the restructuring and other unusual charges described in Note 3.

(b) Net sales include \$284.8 million, \$310.3 million and \$236.8 million by operations in Canada to the U.S. in 1996, 1995 and 1994, respectively.

(c) Assets include investments in equity companies of \$551.1 million, \$413.4 million and \$555.3 million in 1996, 1995 and 1994, 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, 1996					
Latin America	\$1,380.5	\$ 512.9	\$ 344.3	\$ 291.5(a)	\$ 133.1(a)
North America, Asia, Australia and Middle East(b)	725.7	253.0	83.8	42.8	19.3
Total	\$2,106.2	\$ 765.9	\$ 428.1	\$ 334.3	\$ 152.4
December 31, 1995					
Latin America(c)	\$1,465.2	\$ 551.0	\$ 399.8	\$ 222.1(a)	\$ 104.8(a)
North America, Asia, Australia, Africa(d) and Middle East	567.6	196.0	56.5	19.5	8.5
Total	\$2,032.8	\$ 747.0	\$ 456.3	\$ 241.6	\$ 113.3
December 31, 1994					
Latin America(c)	\$1,843.6	\$ 675.4	\$ 429.0	\$ 194.6(a)	\$ 88.9(a)
Asia, Australia, Africa(d) and Middle East	577.9	202.5	58.7	37.4	21.6
Total	\$2,421.5	\$ 877.9	\$ 487.7	\$ 232.0	\$ 110.5

(a) Includes nonoperating effects for the Corporation's share of foreign currency losses incurred by its Mexican affiliate on the translation of the net exposure of U.S. dollar-denominated liabilities into pesos resulting from the fluctuation of the Mexican peso. Effects are as follows:

(Millions of dollars)	Net Income	Kimberly-Clark's Share of Net Income
1996	\$ (5.0)	\$ (2.3)
1995	(89.4)	(38.5)
1994	(91.2)	(39.2)

(b) In June 1996, the Corporation acquired 49.9 percent of Hogla, Ltd., and formed a consumer products joint venture in Israel.

(c) Results for Latin America in 1994 include operations of a joint venture in Argentina. In the first quarter of 1995, the Corporation purchased additional shares of this subsidiary resulting in its consolidation.

(d) The Corporation's share of net income for 1994 includes a gain of \$10.0 million from the readoption of equity accounting for the Corporation's South African affiliate. In the first quarter of 1995, the Corporation purchased additional shares of this subsidiary resulting in its consolidation.

(Millions of dollars)	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Stockholders' Equity
December 31, 1996					
Latin America(a)	\$ 661.3	\$ 606.3	\$ 321.0	\$ 267.5	\$ 679.2
Asia, Australia and Middle East	272.5	463.8	168.9	225.3	342.0

Total	\$ 933.8	\$ 1,070.1	\$ 489.9	\$ 492.8	\$ 1,021.2
December 31, 1995					
Latin America(a)	\$ 722.6	\$ 599.2	\$ 404.7	\$ 339.1	\$ 578.0
North America, Asia, Australia and Middle East	168.3	465.5	153.0	229.5	251.3
Total	\$ 890.9	\$1,064.7	\$ 557.7	\$ 568.6	\$ 829.3
December 31, 1994					
Latin America(a)	\$ 697.1	\$ 721.6	\$ 354.3	\$ 322.2	\$ 743.2
Asia, Australia, Africa and Middle East	164.8	454.9	159.6	151.7	308.4
Total	\$ 861.9	\$1,176.5	\$ 513.9	\$ 473.9	\$ 1,051.6

(a) Includes effect of December 1994 devaluation of the Mexican peso and subsequent fluctuations on the translated balance sheet of the Corporation's Mexican affiliate.

Equity companies are principally engaged in Personal Care Products and Tissue-Based Products operations.

Kimberly-Clark de Mexico, S.A. de C.V. is partially owned by the public and its stock is publicly traded in Mexico. At December 31, 1996, the Corporation's investment in this equity company was \$309.2 million, and the estimated fair value was \$2.45 billion based on 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, 1996 and 1995, and the related consolidated income and cash flow statements for each of the three years in the period ended December 31, 1996. 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. The consolidated financial statements give retroactive effect to the merger of Kimberly-Clark Corporation and Scott Paper Company, which has been accounted for as a pooling of interests as described in Note 2 to the consolidated financial statements. We did not audit the financial statements of Scott Paper Company for the years ended December 31, 1995 and 1994 (before the effects of the conforming adjustments that were applied to restate such statements) which statements reflect total assets (in millions) of \$4,525.8 as of December 31, 1995 and total net sales (in millions) of \$4,131.6 and \$3,581.1 for the years ended December 31, 1995 and 1994, respectively. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Scott Paper Company for 1995 and 1994, is based solely on the report of such other auditors. We audited the conforming adjustments that were applied to restate the 1995 and 1994 financial statements of Scott Paper Company.

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

In our opinion, based on our audits and the report of other auditors referred to above, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark Corporation and Subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/Deloitte & Touche LLP

Deloitte & Touche LLP
Dallas, Texas
January 27, 1997

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

The members of the Audit Committee are selected by the board of directors. During 1996, the committee consisted of five outside directors and met three times.

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

/s/Paul J. Collins

Paul J. Collins
Chairman, Audit Committee
January 27, 1997

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

The management of Kimberly-Clark Corporation is responsible for conducting all aspects of the business, including the preparation of the financial statements in this annual report. The financial statements have been prepared using generally accepted accounting principles considered appropriate in the circumstances to present fairly the Corporation's consolidated financial position, results of operations and cash flows on a consistent basis. Management also has prepared the other information in this annual report and is responsible for its accuracy and consistency with the financial statements.

As can be expected in a complex and dynamic business environment, some financial statement amounts are based on management's estimates and judgments. Even though estimates and judgments are used, measures have been taken to provide reasonable assurance of the integrity and reliability of the financial information contained in this annual report. These measures include an effective control-oriented environment in which the internal audit function plays an important role, an Audit Committee of the board of directors which oversees the financial reporting process, and independent audits.

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

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

The financial statements have been audited by the independent accounting firm, Deloitte & Touche LLP. During their audits, the independent auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders and the board of directors and all committees of the board. Management believes that all representations made to the independent auditors during their audits were valid and appropriate. The financial statements of Scott Paper Company for 1995 and 1994 were audited by other auditors.

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

The Corporation has assessed its internal control system as of December 31, 1996 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, 1996, its system of internal control over the preparation of its published interim and annual financial statements and over safeguarding of assets against unauthorized acquisition, use or disposition met those criteria.

/s/Wayne R. Sanders

/s/John W. Donehower

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

John W. Donehower
Senior Vice President and
Chief Financial Officer

January 27, 1997

ADDITIONAL INFORMATION

TRANSFER AND DIVIDEND DISBURSING AGENT AND REGISTRAR

Stockholders may contact The First National Bank of Boston, c/o Boston EquiServe L.P., Investor Relations Department, P.O. Box 644, Boston, Massachusetts 02102-0644, 800-730-4001. Stock certificates may be hand delivered in Boston and New York for transfer.

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

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

STOCK EXCHANGES

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

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders will be held at the Corporation's World Headquarters, 351 Phelps Drive, Irving, Texas, at 11:00 a.m. on Thursday, April 17, 1997.

CALENDAR, SEC FORM 10-K AND OTHER INFORMATION

The fiscal year ends December 31. The annual report is distributed in early March. Stockholders and others may obtain additional information about Kimberly-Clark, including the Corporation's annual report to the Securities and Exchange Commission on Form 10-K (which will be filed in late March), without charge on request to Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606.

EMPLOYEES AND STOCKHOLDERS

In its worldwide consolidated operations, Kimberly-Clark had 54,800 employees as of December 31, 1996. Equity companies had an additional 12,600 employees. The Corporation had 56,221 stockholders of record and 281.7 million shares of common stock outstanding as of the same date.

TRADEMARKS

The brand names mentioned in this report - Kleenex, (R) ColdCare, (R) Kotex, (R) Depend, (R) Huggies, (R) Pull-Ups, (R) Scott, (R) Scotties, (R) Peaudouce, (R) Lily, (R) Lidie, (R) Comfort & Beauty, (R) Andrex, (R) Scottex, (R) Classic Crest, (R) and Environment, (R) - are trademarks of Kimberly-Clark Corporation or its affiliates.

This 1996 Annual Report is printed on Classic Crest avon brilliant white cover and text and Environment milky way parchment text with 100 percent recycled fiber. These papers are produced by Kimberly-Clark's Neenah

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
SIGNIFICANT SUBSIDIARIES OF THE CORPORATION

The following list includes the significant subsidiaries which were owned directly or indirectly by Kimberly-Clark Corporation, a Delaware corporation, Dallas, Texas, as of December 31, 1996. Kimberly-Clark's percentage ownership of each company is 100 percent unless otherwise indicated. The place of incorporation is the same as the location of the company except as shown parenthetically.

CONSOLIDATED SUBSIDIARIES:

Kimberly-Clark Canada Inc. and subsidiaries, Mississauga, Ontario, Canada
Kimberly-Clark Tissue Company (Pennsylvania); Dallas, Texas
Kimberly-Clark Worldwide, Inc. (Delaware), Dallas, Texas

EQUITY COMPANY:

Kimberly-Clark de Mexico, S.A. de C.V. and subsidiaries, Mexico City,
Mexico (46.2%)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Kimberly-Clark Corporation's Registration Statements on Form S-8 (Nos. 33-5299, 33-30425, 33-49050, 33-58402, 33-64689, 33-02607 and 33-17367) and on Form S-3 (Nos. 33-52343 and 33-54177) of our reports dated January 27, 1997, appearing in and incorporated by reference in this Annual Report on Form 10-K of Kimberly-Clark Corporation for the year ended December 31, 1996.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Dallas, Texas
March 20, 1997

INDEPENDENT AUDITORS' CONSENT

We hereby consent to the incorporation by reference in Kimberly-Clark Corporation's Registration Statements on Form S-8 (Nos. 33-5299, 33-30425, 33-49050, 33-58402, 33-64689, 33-02607 and 33-17367) and on Form S-3 (Nos. 33-52343 and 33-54177) of our report dated January 30, 1996, which makes reference to the Company adopting the provisions of Statement of Financial Accounting Standards No. 121 in 1995 and that our audit did not include the 1995 provisions for restructuring and other unusual charges which were audited by other auditors, on our audits of the consolidated financial statements and financial statement schedule of Scott Paper Company as of December 30, 1995 and December 31, 1994 and for the years then ended, appearing in this Annual Report on Form 10-K of Kimberly-Clark Corporation for the year ended December 31, 1996.

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

2400 Eleven Penn Center
Philadelphia, PA
March 20, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 20th day of February, 1997.

/s/ John F. Bergstrom

John F. Bergstrom

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, 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, 1996 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 20th day of February, 1997.

/s/ Pastora San Juan Cafferty

Pastora San Juan Cafferty

STATE OF TEXAS

COUNTY OF DALLAS

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Pastora San Juan Cafferty is

personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 20th day of February, 1997.

/s/ Paul J. Collins

Paul J. Collins

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 20th day of February, 1997.

/s/ Robert W. Dechard

Robert W. Dechard

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 20th day of February, 1997.

/s/ William O. Fifield

William O. Fifield

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 20th day of February, 1997.

/s/ Claudio X. Gonzalez

Claudio X. Gonzalez

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 20th day of February, 1997.

/s/ Louis E. Levy

Louis E. Levy

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 20th day of February, 1997.

/s/ Frank A. McPherson

Frank A. McPherson

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, 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, 1996 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 24th day of February, 1997.

/s/ Linda Johnson Rice

Linda Johnson Rice

STATE OF ILLINOIS

COUNTY OF COOK

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

GIVEN under my hand and notarial seal this 24th day of February, 1997.

/s/ M. June A. Rhinehart

Notary Public

My commission expires: March 4, 1999

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, 1996 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 20th day of February, 1997.

/s/ Wayne R. Sanders

Wayne R. Sanders

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 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 21st day of February, 1997.

/s/ Wolfgang R. Schmitt

Wolfgang R. Schmitt

STATE OF OHIO

COUNTY OF WAYNE

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

GIVEN under my hand and notarial seal this 21st day of February, 1997.

/s/ Janet M. Smith

Notary Public

My commission expires: October 17, 1998

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, 1996 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 20th day of February, 1997.

/s/ Randall L. Tobias

Randall L. Tobias

STATE OF TEXAS

COUNTY OF DALLAS

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

GIVEN under my hand and notarial seal this 20th day of February, 1997.

/s/ Clairene Jorella

Clairene Jorella
Notary Public

My commission expires: July 30, 1997

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