FORM 10-K

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

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

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 incorporation or organization)	(I.R.S. Employer Identification No.)
P. O. BOX 619100, DALLAS, TEXAS	75261-9100
(Address of principal executive offices)	(ZIP CODE)

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securit-ies 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 X . 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 incor-porated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 14, 2002, 519,504,160 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 $33 billion.

(Continued)

FACING SHEET
(CONTINUED)

DOCUMENTS INCORPORATED BY REFERENCE

Kimberly-Clark Corporation's 2001 Annual Report to Stockholders and 2002 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 2001 Annual Report to Stockholders and 2002 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
2001 Annual Report to Stockholders (Year ended December 31, 2001)	PART I
	ITEM 1. Business
	PART II
	ITEM 5. Market for the Registrant's Common Stock and Related Stockholder Matters
	ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
	ITEM 7A. Quantitative and Qualitative

	Disclosures About Market Risk
	ITEM 8. Financial Statements and Supplementary Data
	PART IV
	ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K
2002 Proxy Statement	PART III
	ITEM 10. Directors and Executive Officers of the Registrant
	ITEM 11. Executive Compensation
	ITEM 12. Security Ownership of Certain Beneficial Owners and Management
	ITEM 13. Certain Relationships and Related Transactions

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 15 to the Consolidated Financial Statements contained in the 2001 Annual Report to Stockholders, are incorporated in this Item 1 by reference.

RECENT DEVELOPMENTS. The Corporation is a global consumer products company based on the strategy of building its personal care, consumer tissue and business-to-business businesses. Since 1997, the Corporation has completed about 30 acquisitions in its core businesses and approximately 10 strategic divestitures, including the following transactions:

- - On March 27, 1997, the Corporation sold its Coosa Pines, Alabama pulp and newsprint operations, and related woodlands, to Alliance Forest Products Inc., a publicly-held Canadian corporation, for approximately $600 million in cash.

- - On June 6, 1997, the Corporation sold its 50.1 percent interest in Scott Paper Limited, a publicly-traded Canadian company to Kruger, Inc., a Canadian paper and forest products company, for approximately $127 million.

- - On December 18, 1997, the Corporation acquired Tecnol Medical Products, Inc. ("Tecnol"), a leading maker of disposable face masks and patient care products, in a merger transaction in which the outstanding Tecnol shares were converted into shares of Kimberly-Clark common stock. The transaction was valued at approximately $428 million and was accounted for as a purchase.

- - On May 28, 1998, the Corporation purchased a 50 percent equity interest in Klabin Tissue S.A. (now known as Klabin Kimberly S.A.), the leading tissue manufacturer in Brazil.

- - On July 21, 1998, the Corporation purchased an additional 10 percent ownership interest in its Korean affiliate, YuHan-Kimberly, Limited, increasing its ownership interest to 70 percent.

- - On August 19, 1998, the Corporation sold the outstanding shares of K-C Aviation Inc., a leading provider of business aviation services, to Gulfstream Aerospace Corporation for $250 million in cash.

- - On June 10, 1999, the Corporation purchased the European consumer and away-from-home tissue businesses of Attisholz Holding AG for approximately $365 million. The acquired businesses are located in Germany, Switzerland and Austria.

- - On September 23, 1999, the Corporation acquired Ballard Medical Products, a leading maker of disposable medical devices for respiratory care, gastroenterology and cardiology, at a cost of approximately $788 million, including the value of common stock exchanged and other costs of the transaction. This acquisition was accounted for as a purchase.

- - On September 30, 1999, the Corporation completed the sale of approximately 460,000 acres of timberland in Alabama, Mississippi and Tennessee for notes receivable having a face value of $397 million (and a fair value of $383 million).

PART I
(Continued)

ITEM 1. BUSINESS (Continued)

- On February 8, 2000, the Corporation acquired Safeskin Corporation ("Safeskin"), a leading maker of disposable gloves for health care, high-technology and scientific industries, in a merger transaction in which the outstanding Safeskin shares were converted into shares of Kimberly-Clark common stock. The transaction was valued at approximately $750 million and was accounted for as a purchase.

- On July 5, 2000, the Corporation acquired a majority of the shares of privately held S-K Corporation of Taiwan, which held trademark and distribution rights in Taiwan for the Corporation's global brands including Kleenex, Huggies and Kotex. Prior to the acquisition, the Corporation owned approximately 3 percent of S-K Corporation.

- On December 20, 2000, the Corporation purchased an additional 33.3 percent ownership interest in its Taiwanese affiliate, Taiwan Scott Paper Corporation, increasing its ownership interest to 100 percent.

- On January 31, 2001, the Corporation acquired Linostar S.p.A., a leading Italian-based diaper manufacturer that produced and marketed Lines, Italy's second largest diaper brand.

- On July 1, 2001, the Corporation acquired an additional 5 percent equity interest in its Australian affiliate, Kimberly-Clark Australia Pty Ltd., increasing its ownership interest to 55 percent. The Corporation and the owner of the remaining 45 percent also exchanged options for the purchase by the Corporation of the remaining 45 percent prior to June 30, 2005.

On November 21, 1997, the Corporation announced a restructuring plan (the "1997 Plan"). The 1997 Plan, among other things, resulted in the sale, closure or downsizing of 16 manufacturing facilities worldwide and a workforce reduction of approximately 3,740 employees. Costs for the 1997 Plan of $250.8 million and $414.2 million were recorded in 1998 and 1997, respectively, at the time costs became accruable under appropriate accounting principles. Included in such costs was accelerated depreciation charged to cost of products sold related to assets that were to be disposed of but which continued to be operated during 1997 and 1998. In 1999, the Corporation recorded a net credit of $16.7 million, which was composed of accelerated depreciation expense of $23.7 million, reductions in accrued costs of $31.9 million and lower asset write-offs and higher sales proceeds totaling $8.5 million, due to changes in estimates.

In the fourth quarter of 1998, the Corporation announced a facilities consolidation plan (the "1998 Plan"). The 1998 Plan, among other things, resulted in further alignment of tissue manufacturing capacity with demand in Europe, closure of a diaper manufacturing facility in Canada, shut down and disposal of a tissue machine in Thailand, write down of certain excess feminine care production equipment in North America and a reduction in the Corporation's workforce of 814 employees. Costs for the 1998 Plan of $18.2 million, $42.6 million and $49.1 million were recorded in 2000, 1999 and 1998, respectively, and charged to cost of products sold. The year 2000 costs are composed primarily of certain severance costs and charges for accelerated depreciation for the Corporation's Larkfield, U.K. tissue manufacturing facility that remained in use until it was shutdown in October 2000.

PART I
(Continued)

ITEM 1. BUSINESS (Continued)

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

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

Following an internal organization change in late 2001, the Corporation is organized into three business segments: Personal Care; Consumer Tissue; and Business-to-Business. The financial information by business segment for earlier periods which is incorporated in this Item 1 by reference has been reclassified to conform to the new business segments.

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

The Consumer Tissue segment manufactures and markets facial and bathroom tissue, paper towels and napkins for household use; wet wipes; and related products. Products in this business segment are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Page, Huggies and other brand names.

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

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

In 2001, approximately 10.4% of net sales were to Wal-Mart Stores, Inc., primarily in the Personal Care and Consumer Tissue businesses. No single customer accounted for 10% or more of net sales in 2000 and 1999.

PATENTS AND TRADEMARKS. The Corporation owns various patents and trademarks registered domestically and in many foreign countries. The Corporation considers the patents and trademarks which it owns and the trademarks under which it sells certain of its products to be material to its business. Consequently, the Corporation seeks patent and trademark protection by all available means, including registration. A partial list of the Corporation's trademarks is included under the caption "Additional Information - Trademarks" contained in the 2001 Annual Report to Stockholders and is incorporated herein by reference.

PART I
(Continued)

ITEM 1. BUSINESS (Continued)

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

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

Most recovered paper and synthetics are purchased from third parties. Pulp and recycled fiber are produced by the Corporation and purchased from others. The Corporation considers the supply of such raw materials to be adequate to meet the needs of its businesses. See "Factors That May Affect Future Results - - Raw Materials."

The Corporation owns or controls approximately 5.9 million acres of forestland in Canada, principally as a fiber source for pulp production, which is consumed internally for tissue products. Approximately 1.0 million acres in the province of Nova Scotia are owned by the Corporation, and approximately 4.9 million acres, principally in the province of Ontario, are held under long-term Crown rights or leases.

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

RESEARCH AND DEVELOPMENT. A major portion of total research and development expenditures is directed toward new or improved personal care, tissue and health care products and nonwoven materials. Consolidated research and development expense was $295.3 million in 2001, $277.4 million in 2000, and $249.8 million in 1999.

ENVIRONMENTAL MATTERS. Total worldwide capital expenditures for voluntary environmental controls or controls necessary to comply with legal requirements relating to the protection of the environment at the Corporation's facilities are expected to be approximately $57 million in 2002 and $53 million in 2003. Of these amounts, approximately $15 million in 2002, and $28 million in 2003 are expected to be spent at facilities in the U.S. For facilities outside of the U.S., capital expenditures for environmental controls are expected to be approximately $42 million in 2002 and $25 million in 2003.

Total worldwide operating expenses for environmental compliance are expected to be approximately $180 million in 2002 and $182 million in 2003. Operating expenses for environmental compliance with respect to U.S. facilities are expected to be approximately $98 million in 2002 and $99 million in 2003. Operating expenses for environmental compliance with respect to facilities outside the U.S. are expected to be approximately $82 million in 2002 and $83 million in 2003. Operating expenses include pollution control equipment operation and maintenance costs, governmental payments, and research and engineering costs.

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

ITEM 1. BUSINESS (Continued)

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

EMPLOYEES. In its worldwide consolidated operations, the Corporation had 64,200 employees as of December 31, 2001.

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

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, among other things, the business outlook, anticipated financial and operating results, strategies, contingencies and contemplated transactions of the Corporation constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the Corporation. There can be no assurance that these events will occur or that the Corporation's results will be as estimated.

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

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

COMPETITIVE ENVIRONMENT. The Corporation experiences intense competition for sales of its principal products in its major markets, both domestically and internationally. The Corporation's products compete with widely advertised, well-known, branded products, as well as private label products, which are typically sold at lower prices. The Corporation has several major competitors in most of its markets, some of which are larger and more diversified than the Corporation. The principal methods and elements of competition include brand recognition and loyalty, product innovation, quality and performance, price, and marketing and distribution capabilities. Inherent risks in the Corporation's

PART I
(Continued)

ITEM 1. BUSINESS (Continued)

competitive strategy include uncertainties concerning trade and consumer acceptance, the effects of recent consolidations of retailers and distribution channels, and competitive reaction. Aggressive competitive reaction may lead to increased advertising and promotional spending by the Corporation in order to maintain market share. Increased competition with respect to pricing would reduce revenue and could have an adverse impact on the Corporation's financial results. In addition, the Corporation relies on the development and introduction of new or improved products as a means of achieving and/or maintaining category leadership. In order to maintain its competitive position, the Corporation must develop technology to support its products.

COST SAVING STRATEGY. A significant portion of the Corporation's anticipated cost savings are expected to result from operating efficiencies, including those anticipated to be derived from the Corporation's Go-To-Market initiatives that are intended to drive costs out of its supply chain. The Corporation's information system upgrades are an integral part of that series of initiatives. There can be no assurance that such cost savings and efficiencies will be achieved.

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

The Corporation still intends to reduce its level of pulp integration, when market conditions permit, to approximately 20 percent, and such a reduction in pulp integration, if accomplished, could increase the Corporation's commodity price risk. Specifically, increases in pulp prices could adversely affect the Corporation's earnings if selling prices for its finished products are not adjusted or if such adjustments significantly trail the increases in pulp prices. Derivative instruments have not been used to manage these risks.

Polymer resins, principally polypropylene, are used extensively in the Corporation's products, such as diapers, training and youth pants, and incontinence care products. Polymer resins, which are principally derived from petroleum, may be subject to price fluctuations. The Corporation purchases polymer resins from a number of suppliers. Significant increases in resin prices could adversely affect the Corporation's earnings if selling prices for its finished products are not adjusted or if adjustments significantly trail the increases in resin prices.

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

ITEM 1. BUSINESS (Continued)

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

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

FOREIGN MARKET RISKS. Because the Corporation and its equity companies have manufacturing facilities in 42 countries and their products are sold in more than 150 countries, the Corporation's results may be substantially affected by foreign market risks. The Corporation is subject to the impact of economic and political instability in developing countries. The extremely competitive situation in European personal care and tissue markets, and the challenging economic environments in Argentina, Brazil, Mexico and developing countries in eastern Europe, Asia and Latin America, may slow the Corporation's sales growth and earnings potential. In addition, the Corporation is subject to the strengthening and weakening of various currencies against each other and local currencies versus the U.S. dollar. Transaction exposure, arising from transactions and commitments denominated in non-local currency, is selectively hedged (through foreign currency forward, swap and option contracts). See "Management's Discussion and Analysis - Risk Sensitivity", contained in the 2001 Annual Report to Stockholders, which is incorporated herein by reference. Translation exposure for the Corporation with respect to foreign operations is generally not hedged. There can be no assurance that the Corporation will be fully protected against substantial foreign currency fluctuations.

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

One of the Corporation's North American tissue mills has an agreement to provide its local utility company a specified amount of electric power per year for the next 17 years. In the event that the mill was shut down, the Corporation would be required to continue to operate the power generation facility on behalf of its owner, the local utility company. The net present value of the cost to fulfill this agreement as of December 31, 2001 is estimated to be approximately $85 million. However, management considers the probability of closure of this mill to be remote.

PART I
(Continued)
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ITEM 2. PROPERTIES

Management believes that the Corporation's production facilities are suitable for their purpose and adequate to support its businesses. The extent of utilization of individual facilities varies, but they generally operate at or near capacity, except in certain instances such as when new products or technology are being introduced or when mills are being shut down. Certain facilities of the Corporation are being expanded. Various facilities contain pollution control, solid waste disposal and other equipment which have been financed through the issuance of industrial revenue or similar bonds and are held by the Corporation under lease or installment purchase agreements.

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

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

ADMINISTRATIVE CENTERS
    Knoxville, Tennessee
    Brighton, United Kingdom

WORLDWIDE PRODUCTION AND SERVICE FACILITIES

UNITED STATES

ALABAMA
    Mobile - tissue products
ARIZONA
    Tucson - health care products
ARKANSAS
    Conway - feminine care and incontinence care products and nonwovens
    Maumelle - wet wipes and nonwovens
CALIFORNIA
    Fullerton - tissue products
    San Diego - health care products
CONNECTICUT
    New Milford - diapers and tissue products
GEORGIA
    LaGrange - nonwovens
IDAHO
    Pocatello - respiratory care and gastroenterology products
KENTUCKY
    Owensboro - tissue products
MICHIGAN
    Munising - technical papers

PART I
(Continued)

ITEM 2. PROPERTIES (Continued)

MISSISSIPPI
Corinth - nonwovens, 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 and tissue products
TENNESSEE
Loudon - tissue products
TEXAS
Del Rio - health care products
Fort Worth - health care products
Paris - diapers and training and youth pants
San Antonio - personal cleansing products and systems
UTAH
Draper - respiratory care and gastroenterology products
Ogden - diapers
WASHINGTON
Everett - tissue products and pulp
WISCONSIN
Marinette - tissue products
Neenah - diapers, training and youth pants, feminine care and incontinence care products, business and correspondence papers and nonwovens
Whiting - business and correspondence papers

OUTSIDE THE UNITED STATES

ARGENTINA
* Bernal - tissue products
Pilar - feminine care and incontinence care products
San Luis - diapers
AUSTRALIA
Albury - nonwovens
Ingleburn - diapers
Lonsdale - diapers and feminine care and incontinence care products
Millicent - pulp and tissue products
Tantanoola - pulp
Warwick Farm - tissue products
BAHRAIN
* East Riffa - tissue products

* Equity company production facility

ITEM 2. PROPERTIES (Continued)

BELGIUM
    Duffel - tissue products
BOLIVIA
    La Paz - tissue products
    Santa Cruz - diapers and feminine care and tissue products
BRAZIL
  * Bahia - tissue products
    Barueri - wet wipes
  * Correia Pinto - tissue products
  * Cruzeiro - tissue products
  * Mogi das Cruzes - tissue products
    Porto Alegre - feminine care products
  * Sao Paulo - tissue products
    Suzano - diapers and incontinence care products
CANADA
    Huntsville, Ontario - tissue products and wipers
    New Glasgow, Nova Scotia - pulp
    St. Hyacinthe, Quebec - feminine care and incontinence care products
    Terrace Bay, Ontario - pulp
CHILE
    Colina - tissue products
    Santiago - diapers and feminine care products
CHINA
    Beijing - feminine care products and diapers
    Chengdu - feminine care products
    Guangzhou - tissue products
    Nanjing - feminine care products
    Shanghai - tissue products
    Wuhan - feminine care products
COLOMBIA
    Barbosa - notebooks, business and correspondence papers and wipers
    Guarne - tissue products
    Pereira - tissue products, feminine care and incontinence care products
              and diapers
    Puerto Tejada - tissue products
    Tocancipa - diapers and feminine care products
  * Villa Rica - diapers and incontinence care products
COSTA RICA
    Belen - tissue products
    Cartago - diapers and feminine care and incontinence care products
CZECH REPUBLIC
    Jaromer - diapers and incontinence care products
    Litovel - feminine care products
DOMINICAN REPUBLIC
    Santo Domingo - tissue products

* Equity company production facility

ITEM 2. PROPERTIES (Continued)

ECUADOR
    Babahoyo - tissue products
    Mapasingue - tissue products, diapers and feminine care products
EL SALVADOR
    Sitio del Nino - tissue products
FRANCE
    Rouen - tissue products
    Villey-Saint-Etienne - tissue products
GERMANY
    Forchheim - feminine care and incontinence care products
    Koblenz - tissue products
    Mainz - tissue products
    Reisholz - tissue products
GUATEMALA
    Poza Verde - tissue products
HONDURAS
    Villanueva - health care products
INDIA
  * Pune - feminine care products and diapers
INDONESIA
    Jakarta - tissue products
  * Medan - specialty papers
ISRAEL
    Afula - diapers and feminine care and incontinence care products
    Hadera - tissue products
ITALY
    Alanno - tissue products
    Patrica - diapers
    Romagnano - tissue products
    Villanovetta - tissue products
JAPAN
    Shiga - soap
KOREA
    Anyang - feminine care products, diapers and tissue products
    Kimcheon - tissue products and nonwovens
    Taejon - feminine care products, diapers and nonwovens
MALAYSIA
    Kluang - tissue products, feminine care products and diapers

* Equity company production facility

PART I
(Continued)
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ITEM 2. PROPERTIES (Continued)

MEXICO
    Acuna - health care products
  * Bajio - tissue products, fine papers and notebooks
  * Cuautitlan - feminine care products, diapers and nonwovens
  * Ecatepec - tissue products
    Empalme - health care products
    Magdalena - health care products
  * Morelia - tissue products, pulp and fine papers
  * Naucalpan - tissue products and specialty papers
    Nogales - health care products
  * Orizaba - tissue products, fine papers and pulp
  * Ramos Arizpe - tissue products and diapers
  * San Rafael - fine papers
  * Texmelucan - tissue products
  * Tlaxcala - diapers, nonwovens and wet wipes
PERU
    Puente Piedra - tissue products
    Villa - diapers and feminine care and incontinence care products
PHILIPPINES
    San Pedro, Laguna - feminine care products, diapers, tissue products and specialty papers
PUERTO RICO
    Toa Alta - diapers
SAUDI ARABIA
  * Al-Khobar - diapers and feminine care and tissue products
SLOVAK REPUBLIC
    Piestany - health care products
SOUTH AFRICA
    Cape Town - tissue, feminine care and incontinence care products
    Springs - tissue products and diapers
SPAIN
    Aranguren - tissue products
    Arceniega - tissue products and personal cleansing products and systems
    Calatayud - diapers
    Salamanca - tissue products
    Telde, Canary Islands - tissue products
SWITZERLAND
    Balsthal - tissue products and specialty papers
    Niederbipp - tissue products
    Reichenburg - tissue products
TAIWAN
    Chung Li -tissue products, feminine care products and diapers
    Hsin-Ying - tissue products
    Neihu - feminine care products and diapers
    Ta-Yuan - tissue products

* Equity company production facility

PART I
(Continued)
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ITEM 2. PROPERTIES (Continued)

THAILAND
Hat Yai - disposable gloves
Pathumthani - feminine care products, diapers and tissue products
Samut Prakarn - tissue products
TURKEY
Istanbul - diapers
UNITED KINGDOM
Barrow - tissue products
Barton-upon-Humber - diapers
Flint - tissue products and nonwovens
Northfleet - tissue products
VENEZUELA
Maracay - tissue products and diapers
VIETNAM
Binh Duong - feminine care products
Hanoi - feminine care products

PART I
(Continued)

ITEM 3. LEGAL PROCEEDINGS

The following is a brief description of certain legal and administrative proceedings to which the Corporation or its subsidiaries is a party or to which the Corporation's or its subsidiaries' properties are subject. In management's opinion, none of the legal and administrative proceedings described below, individually or in the aggregate, is expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

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

In 1999, prior to the acquisition of Safeskin, numerous lawsuits (collectively the "Securities Actions") were filed in the U.S. District Court for the Southern District of California against Safeskin and certain of its officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Securities Actions were brought by plaintiffs in their individual capacity and on behalf of a purported class of persons who purchased or otherwise acquired Safeskin publicly traded securities during various periods occurring prior to the Corporation's acquisition of Safeskin. The suits allege that plaintiffs purchased Safeskin securities at prices artificially inflated by defendants' misrepresentations and omissions concerning Safeskin's financial condition and prospects and seek an unspecified amount of damages. Defendants' motion to dismiss was denied. A plaintiffs' class has been certified consisting of those who purchased Safeskin common stock and options during the period of February 18, 1998 to March 11, 1999. Discovery is continuing and the Corporation continues to contest liability.

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

ITEM 3. LEGAL PROCEEDINGS (Continued)

On April 14, 2000, a complaint was filed by Anne Meader and others against the Corporation and others in the State of Maine Superior Court. Eighteen plaintiffs seek compensation for injuries allegedly caused by exposure to substances allegedly emitted by the defendants' mills, including two mills formerly owned by the Corporation, and from the Central Maine Disposal Landfill in Fairfield, Maine. The Corporation is contesting the claims asserted by the plaintiffs.

Since 1998, the Corporation has been involved in a series of complex legal disputes between the Corporation and Mobile Energy Services Company, L.L.C. and related parties ("MESC"). These disputes arose from the closure of the Corporation's Mobile pulp mill. MESC owns a cogeneration complex that provides energy services to the Corporation's Mobile mill.

In 1998, the Corporation decided to close its Mobile pulp mill and gave notice to MESC of its intent to terminate a long-term energy services agreement. In January 1999, MESC filed for Chapter 11 bankruptcy protection and brought an adversary proceeding in the United States Bankruptcy Court against the Corporation claiming unspecified damages arising from the mill closure and termination of the energy services agreement.

In March 2001, an arbitration ruling was issued. In that ruling, the arbitrator rejected MESC's claims related to the pulp mill closure finding that the Corporation had affected a proper pulp mill closure. However, the arbitrator also ruled that the operation of certain assets by the Corporation after the pulp mill closure permitted MESC to reinstate the pulp mill energy services agreement. This reinstatement became subject to binding arbitration brought by MESC in April 2001. A ruling issued in this arbitration on January 31, 2002 resulted in the Corporation recording a pre-tax charge of approximately $27 million in its 2001 earnings.

In addition, MESC submitted binding arbitration claims for reimbursement by the Corporation of certain capital and energy costs incurred by MESC. A ruling issued in this arbitration on January 21, 2002 resulted in the Corporation recording a pre-tax charge of approximately $17 million in its 2001 earnings.

Of the numerous allegations made against the Corporation in the 1999 adversary proceeding, only fraudulent transfer claims remain pending before the Bankruptcy Court. In addition, MESC subsequently filed three additional adversary proceedings and one arbitration proceeding against the Corporation. The Corporation continues to contest vigorously MESC's various claims.

As of March 1, 2002, the Corporation, along with numerous other non-affiliated companies, was a party to approximately 105 lawsuits in California, Florida, Georgia, Illinois, Louisiana, Mississippi, Missouri, Pennsylvania and Texas state courts with allegations of personal injury resulting from asbestos exposure on the defendants' premises and/or allegations that the defendants manufactured, sold, distributed or installed products which cause asbestos-related lung disease. No specific product ever manufactured by the Corporation or its subsidiaries has been identified by the plaintiffs as having caused or contributed to any asbestos-related lung disease. The Corporation has denied the allegations and raised numerous defenses in all of these asbestos cases. All asbestos cases have been tendered to the Corporation's insurance carriers for defense and indemnity.

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

PART I
(Continued)
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ITEM 3. LEGAL PROCEEDINGS (Continued)

Environmental Matters
- ----------------------

The Corporation is subject to federal, state and local environmental protection laws and regulations with respect to its business operations and is operating in compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. Compliance with these laws and regulations is not expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

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

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

A. In 1994, Scott received a notice of responsibility from the Massachusetts Department of Environmental Protection regarding the South Hadley Site in South Hadley, Massachusetts. The notice implicated Scott Graphics, Inc., a former Scott subsidiary, as having disposed of hazardous waste at the site. There have been no significant developments since the date the Corporation received the notice.

B. In January 1998, the Corporation was notified by the Tennessee Department of Environment and Conservation of its status as a potentially liable party at the Bellevue Avenue Landfill in Shelby County, Tennessee. There have been no significant developments since the date the Corporation received the notice.

PART II

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, 2002, together with certain biographical information, are as follows:

ROBERT E. ABERNATHY, 47, was elected Group President effective January 1, 1997. He is responsible for the global Business-to-Business segment which includes the Away-From-Home Tissue and Wipes business, the Health Care business, Nonwovens manufacturing, Research and Sales, the Technical Paper business, the Neenah Paper business and the Energy and Environment organization. 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, 55, was elected Senior Vice President and Chief Financial Officer in 1993. Mr. Donehower joined the Corporation in 1974. He was appointed Director of Finance - Europe in 1978, Vice President, Marketing and Sales - Nonwovens in 1981, Vice President, Specialty Papers in 1982, Managing Director, Kimberly-Clark Australia Pty. Limited in 1982, and Vice President, Professional Health Care, Medical and Nonwoven Fabrics in 1985. He was appointed President, Specialty Products - U.S. in 1987, and President - World Support Group in 1990. Mr. Donehower is a director of Eastman Chemical Co. and Factory Mutual Insurance Company.

O. GEORGE EVERBACH, 63, 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, 43, has served as President and Chief Operating Officer of the Corporation since his election in 1999. He previously had been elected Group President - Global Tissue, Pulp and Paper in 1998, where he was responsible for the Corporation's global tissue businesses. He also was responsible for the Wet Wipes and Neenah Paper sectors, Pulp Operations and Consumer Business Services, Environment and Energy and Human Resources organizations. Mr. Falk joined the Corporation in 1983 and has held other senior management positions in the Corporation. Mr. Falk is a member of the University of Wisconsin - Madison School of Business Dean's Advisory Board. He has been a director of the Corporation since 1999.

STEVEN R. KALMANSON, 49, was elected Group President in January 1996. He is responsible for the Consumer Tissue Segment, which includes the Family Care and Wet Wipes sectors, Pulp Operations and North America Supply Chain and Logistics organizations. Mr. Kalmanson joined the Corporation in 1977. His past responsibilities have included various marketing positions within the consumer products sectors. He was appointed President, Adult Care sector in 1990, President of the Child Care sector in 1991, and President of the Family Care sector in 1995.

PART II
(Continued)
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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (Continued)

WAYNE R. SANDERS, 54, has served as Chief Executive Officer of the Corporation since 1991 and Chairman of the Board of the Corporation since 1992. He previously had been elected President and Chief Operating Officer in 1990. Employed by the Corporation since 1975, Mr. Sanders also has held various other senior management positions in the Corporation. Mr. Sanders is a director of Adolph Coors Company, Coors Brewing Company and Texas Instruments Incorporated. He also is Chairman of the Marquette University Board of Trustees and is Chairman of the Southwest Region and a member of the National Board of Governors of the Boys and Girls Clubs of America. He has been a director of the Corporation since 1989.

KATHI P. SEIFERT, 52, was elected Executive Vice President in November 1999. She is responsible for the Personal Care Segment which includes the Infant Care, Child Care, Feminine Care, and Adult Care business sectors, and the Safety and Quality Assurance team and the U.S. and Canadian Sales 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 Care business sectors. She was appointed President - Feminine Care Sector in 1991, was elected Group President - Feminine and Adult Care in 1994, elected Group President - North American Consumer Products in January 1995, elected Group President - North American Personal Care Products in July 1995 and elected Group President - Global Personal Care Products in April 1998. Ms. Seifert is a member of the Board of Directors of Eli Lilly and Company, Theda Care and Fox Cities Performing Arts Center.

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

The dividend and market price data included in Note 13 to the Consolidated Financial Statements, and the information set forth under the captions "Additional Information - Dividends and Dividend Reinvestment Plan" and "Additional Information - Stock Exchanges" contained in the 2001 Annual Report to Stockholders are incorporated in this Item 5 by reference.

As of March 14, 2002, the Corporation had 45,812 holders of record of its common stock.

PART II
(Continued)

ITEM 6. SELECTED FINANCIAL DATA

(Millions of dollars, except per share amounts)	1997	1998	1999	2000	2001
~~Net Sales~~	~~$12,546.6~~	~~$12,297.8~~	~~$13,006.8~~	~~$13,982.0~~	~~$14,524.4~~
~~Gross Profit~~	~~4,607.6~~	~~4,597.6~~	~~5,325.2~~	~~5,753.5~~	~~5,908.9~~
~~Operating Profit~~	~~1,486.1~~	~~1,697.7~~	~~2,435.4~~	~~2,633.8~~	~~2,338.2~~
~~Share of Net Income of Equity Companies~~	~~157.3~~	~~137.1~~	~~189.6~~	~~186.4~~	~~154.4~~
~~Income from Continuing Operations Before Extraordinary Items and Cumulative Effect of Accounting Change~~	~~985.4~~	~~1,114.3~~	~~1,668.1~~	~~1,800.6~~	~~1,609.9~~
~~Per Share Basis:~~					
~~Basic~~	~~1.77~~	~~2.02~~	~~3.11~~	~~3.34~~	~~3.04~~
~~Diluted~~	~~1.76~~	~~2.01~~	~~3.09~~	~~3.31~~	~~3.02~~
~~Net Income~~	~~1,002.9~~	~~1,103.1~~	~~1,668.1~~	~~1,800.6~~	~~1,609.9~~
~~Per Share Basis:~~					
~~Basic~~	~~1.80~~	~~2.00~~	~~3.11~~	~~3.34~~	~~3.04~~
~~Diluted~~	~~1.79~~	~~1.99~~	~~3.09~~	~~3.31~~	~~3.02~~
~~Cash Dividends Per Share~~					
~~Declared~~	~~.96~~	~~1.00~~	~~1.04~~	~~1.08~~	~~1.12~~
~~Paid~~	~~.95~~	~~.99~~	~~1.03~~	~~1.07~~	~~1.11~~
~~Total Assets~~	~~$11,417.1~~	~~$11,687.8~~	~~$12,815.5~~	~~$14,479.8~~	~~$15,007.6~~
~~Long Term Debt~~	~~1,803.9~~	~~2,068.2~~	~~1,926.6~~	~~2,000.6~~	~~2,424.0~~
~~Stockholders' Equity~~	~~4,340.3~~	~~4,031.5~~	~~5,093.1~~	~~5,767.3~~	~~5,646.9~~

~~NOTES TO SELECTED FINANCIAL DATA~~

~~(1) Included in the selected financial data for 1997 are the following items:~~

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

PART II
(Continued)

ITEM 6. SELECTED FINANCIAL DATA (Continued)

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

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

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

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

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

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Diluted Net Income per Share
Business improvement programs	$20.2	$ 24.4	$ 16.4	
Business integration and other costs.	10.1	35.1	23.0	
Litigation settlements and other.		(60.6)	(37.2)	
Total	$30.3	$ (1.1)	$ 2.2	$.01

(5) Included in the selected financial data for 2001 are the following items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Diluted Net Income per Share
North American mill closing and other write offs .	$ 50.1	$ 52.6	$ 32.6	
Latin American asset plan.	32.3	32.5	19.8	
Business improvement programs.	54.7	55.5	33.8	
Business integration and other costs	4.6	29.1	19.2	
Arbitration settlements.		43.2	26.9	
Total	$141.7	$212.9	$132.3	$.25

~~PART II~~
~~(Continued)~~

~~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 2001 Annual Report to Stockholders is incorporated in this Item 7 by reference.~~

~~ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK~~

~~The information set forth under the caption "Management's Discussion and Analysis -- Risk Sensitivity" contained in the 2001 Annual Report to Stockholders is incorporated in this Item 7A by reference.~~

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

~~The consolidated financial statements of the Corporation and its consolidated subsidiaries and the independent auditors' report thereon contained in the 2001 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 2002 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 2002 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 2002 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 2002 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, 2001 and 2000, and the related Consolidated Statements of Income, Stockholders' Equity and Cash Flow for the years ended December 31, 2001, 2000 and 1999, 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 2001 Annual Report to Stockholders. In addition, a related report of Deloitte & Touche LLP is included herein.

2. Financial statement schedule:

The following information is filed as part of this Form 10 K and should be read in conjunction with the financial statements contained in the 2001 Annual Report to Stockholders.

Independent Auditors' Report

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

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

3. Exhibits:

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

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

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

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

Exhibit No. (10)b. Executive Severance Plan, as amended and restated as of June 8, 2000, incorporated by reference to Exhibit No. (10)b of the Corporation's Annual Report on Form 10 K for the year ended December 31, 2000.

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

~~PART IV~~
~~(Continued)~~

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

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

~~Exhibit No. (10)e. 1992 Equity Participation Plan, as amended effective November 14, 2000, incorporated by reference to Exhibit No. (10)e of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000.~~

~~Exhibit No. (10)f. Deferred Compensation Plan, as amended effective November 14, 2000, incorporated by reference to Exhibit No. (10)f of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000.~~

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

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

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

~~Exhibit No. (10)j. Retirement Contribution Excess Benefit Program, as amended and restated as of June 29, 2000, incorporated by reference to Exhibit No. (10)j of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000.~~

~~Exhibit No. (10)k. 1999 Restricted Stock Plan, as amended effective November 14, 2000, incorporated by reference to Exhibit No. (10)k of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000.~~

~~Exhibit No. (10)l. Outside Directors' Stock Option Plan, effective January 1, 2001, incorporated by reference to Exhibit No. (10)l of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000.~~

~~Exhibit No. (10)m. 2001 Equity Participation Plan.~~

~~Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 2001.~~

~~Exhibit No. (13). Portions of the Corporation's 2001 Annual Report to Stockholders incorporated by reference in this Form 10-K.~~

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

~~PART IV~~
~~(Continued)~~

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

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

~~Exhibit No. (24). Powers of Attorney.~~

~~(B) REPORTS ON FORM 8-K~~

~~The Corporation filed the following Current Reports on Form 8-K since October 1, 2001:~~

1. ~~Current Report on Form 8-K, dated November 30, 2001, to report the text of a web casted conference call concerning the Corporation's 2002 outlook and the planning assumptions relating thereto.~~

2. ~~Current Report on Form 8-K, dated January 17, 2002, to report the reclassification of business segment sales and operating profit for 1999, 2000 and the first nine months of 2001 to reflect newly defined business segments of the Corporation.~~

3. ~~Current Report on Form 8-K, dated January 23, 2002, to report further reclassification of certain amounts contained in the Form 8-K dated January 17, 2002.~~

4. ~~Current Report on Form 8-K, dated February 5, 2002, to report the text of a press release issued on January 23, 2002 relating to the Corporation's 2001 fourth quarter earnings and the results of an arbitration ruling.~~

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 18, 2002

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 Wayne R. Sanders	Chairman of the Board and Chief Executive Officer and Director (principal executive officer)	March 18, 2002
/s/ John W. Donehower John W. Donehower	Senior Vice President and Chief Financial Officer (principal financial officer)	March 18, 2002
/s/ Randy J. Vest Randy J. Vest	Vice President and Controller (principal accounting officer)	March 18, 2002

Directors

John F. Bergstrom	Claudio X. Gonzalez
Pastora San Juan Cafferty	Linda Johnson Rice
Paul J. Collins	Wolfgang R. Schmitt
Robert W. Decherd	Marc J. Shapiro
Thomas J. Falk	Randall L. Tobias
William O. Fifield	

By: /s/ O. George Everbach March 18, 2002

O. George Everbach, Attorney-in-Fact

INDEPENDENT AUDITORS' REPORT

KIMBERLY CLARK CORPORATION:

We have audited the consolidated financial statements of Kimberly Clark Corporation as of December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, and have issued our report thereon dated February 8, 2002; such consolidated financial statements and report are included in your 2001 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Kimberly Clark Corporation, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits. In our opinion, the consolidated financial statement schedule listed in Item 14, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/S/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Dallas, Texas
February 8, 2002

SCHEDULE II Kimberly Clark Corporation and Subsidiaries

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(Millions of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS(A)	DEDUCTIONS: WRITE OFFS AND RECLASSIFICATIONS	BALANCE AT END OF PERIOD
DECEMBER 31, 2001					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	$53.2	$ 18.2	$(3.1)	$ 18.5 (B)	$49.8
Allowances for sales discounts.	19.9	215.9	2.0	217.8 (C)	20.0
DECEMBER 31, 2000					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	$50.9	$ 12.7	$ 3.9	$ 14.3 (b)	$53.2
Allowances for sales discounts.	20.7	203.7	(.4)	204.1 (c)	19.9
DECEMBER 31, 1999					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	$51.5	$ 13.9	$ 6.8	$ 21.3 (b)	$50.9
Allowances for sales discounts.	15.8	176.2	(.4)	170.9 (c)	20.7

(a) Includes bad debt recoveries and the effects of changes in foreign currency exchange rates. Also includes the beginning balances resulting from acquisitions made during the year and from the consolidation of Kimberly Clark Australia Holding Pty., Ltd, the Corporation's Australian affiliate, Hogla Kimberly Limited, the Corporation's Israeli affiliate, and Colombiana Kimberly Colpapel S.A., its Colombian affiliate, in 2001, 2000 and 1999, respectively.

(b) Primarily uncollectible receivables written off.

(c) Sales discounts allowed.

SCHEDULE II

Kimberly Clark Corporation and Subsidiaries

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Millions of dollars)

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

SCHEDULE II — Kimberly Clark Corporation and Subsidiaries

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(Millions of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS	DEDUCTIONS (a)	BALANCE AT END OF PERIOD
DECEMBER 31, 2001					
Deferred Taxes Valuation Allowance.	$158.8	$	$	$(18.4)	$177.2
DECEMBER 31, 2000					
Deferred Taxes Valuation Allowance.	$279.0	$(102.6)	$	$ 17.6	$158.8
DECEMBER 31, 1999					
Deferred Taxes Valuation Allowance.	$285.6	$ 34.9	$	$ 41.5	$279.0

(a) Includes the net currency effects of translating valuation allowances at current rates under SFAS No. 52 of $(3.4) million in 2001, $(17.8) million in 2000 and $(39.4) million in 1999. Also, reflects a valuation allowance of approximately $24 million in 2001 related to a net operating loss carryforward that had not previously been recorded. This entry had no effect on the consolidated statement of income or the consolidated balance sheet.

Exhibit (10)m

KIMBERLY-CLARK CORPORATION
2001 EQUITY PARTICIPATION PLAN
(AS ADOPTED EFFECTIVE APRIL 26, 2001)

1. PURPOSE

This 2001 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 is effective as of April 26, 2001 upon (a) approval of the Board and (b) approval by the stockholders of the Corporation at the 2001 Annual Meeting of Stockholders.

3. DEFINITIONS

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

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

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

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

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

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

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

"Committee" means the Compensation Committee of the Board, provided that if the requisite number of members of the Compensation Committee are not Disinterested Persons, the Plan shall be administered by a committee, all of whom are Disinterested Persons, appointed by the Board and consisting of two or more directors with full authority to act in the matter. The term "Committee" shall mean the Compensation Committee or the committee appointed by the Board, as the case may be. Furthermore, the term "Committee" shall include any delegate to the extent authority is delegated pursuant to Section 4 hereunder.

"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.

"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.~~

~~"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 7(b) of this Plan.~~

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

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

~~"Restricted Period" shall mean the period of time during which the Transferability Restrictions applicable to Awards will be in force.~~

~~"Restricted Share" shall mean a share of Common Stock which may not be traded or sold, until the date the Transferability Restrictions expire.~~

~~"Restricted Share Unit" means the right, as described in Section 9, to receive an amount, payable in either cash or shares of Common Stock, equal to the value of a specified number of shares of Common Stock. No certificates shall be issued with respect to such Restricted Share Unit, except as provided in subsection 9(d), and the Corporation shall maintain a bookkeeping account in the name of the Participant to which the Restricted Share Unit shall relate.~~

~~"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.~~

~~"Stock Appreciation Right (SAR)" has the meaning set forth in subsection 7(i)(i) of this Plan.~~

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

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

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

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

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

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

~~(f) the failure by the Corporation to continue to provide the Participant with benefits substantially similar to those enjoyed by the Participant under any of the Corporation's pension, life insurance, medical, health and accident, or disability plans in which the Participant was~~

~~participating at the time of the Change of Control, the taking of any action by the Corporation which would directly or indirectly materially reduce any of such benefits or deprive the Participant of any material fringe benefit enjoyed by the Participant at the time of the Change of Control, or the failure by the Corporation to provide the Participant with the number of paid vacation days to which the Participant is entitled on the basis of years of service with the Corporation in accordance with the Corporation's normal vacation policy in effect at the time of the Change of Control.~~

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

~~"Total and Permanent Disability" means Totally and Permanently Disabled as defined in the Kimberly-Clark Corporation Pension Plan.~~

~~"Transferability Restrictions" means the restrictions on transferability imposed on Awards of Restricted Shares or Restricted Share Units.~~

~~4. ADMINISTRATION~~

~~The Plan and all Awards granted pursuant thereto shall be administered by the Committee. The Committee, in its absolute discretion, shall have the power to interpret and construe the Plan 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, and may delegate its authority under the Plan, provided, however, the delegation of authority to grant Awards shall be limited to grants by the Chief Executive Officer to newly hired employees, or to respond to special recognition or retention needs, and any such grants shall be limited to eligible Participants who are not subject to section 16 of the Exchange Act. The delegation of authority shall be limited as follows: (a) with respect to persons who are subject to section 16 of the Exchange Act, the authority to grant Awards, the selection for participation, decisions concerning the timing, pricing and amount of a grant or Award and authority to administer Awards shall not be delegated by the Committee; (b) the maximum number of shares of Common Stock covered by Awards which may be granted by the Chief Executive Officer within any calendar year period shall not exceed 200,000; (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 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. FORM OF GRANTS~~

~~All Awards under the Plan shall be made in the form of Options, Restricted Shares or Restricted Share Units, or any combination thereof. Notwithstanding anything in this Plan to the contrary, any Awards shall contain the restriction on assignability in subsection 16(g) of this Plan to the extent required under rule 16b-3 of the Exchange Act.~~

~~7. STOCK OPTIONS~~

~~The Committee or its delegate 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 and the periods the Option shall be exercisable. Such Options may be in the form of Incentive Stock Options or in the form of Nonqualified Stock Options. The Committee in its discretion at the time of grant may establish performance goals that may affect the grant, exercise and/or settlement of an Option. 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 7(a) through 7(h).~~

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

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

~~(c) Limitations on Exercise. The Option shall not be exercisable until at least one year has expired after the granting of the Option, during which time the Participant shall have been in the continuous employ of the Corporation or an Affiliate; provided, however, that the Option shall become exercisable immediately in the event of a Qualified Termination of Employment of a Participant, without regard to the limitations set forth below in this subsection 7(c). Unless otherwise determined by the Committee or its delegate at the time of grant, 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. Unless otherwise determined by the Committee or its delegate at the time of grant, if a Participant dies, becomes Totally and Permanently Disabled, or Retires 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), as follows. If a Participant dies or becomes Totally and Permanently Disabled the remaining portion of such Option may be exercised 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 the remaining portion of such Option may be exercised within (i) five years from the date of any such event or (ii) the remaining period of the Option, whichever is earlier.~~

~~(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 7(e) to the contrary, the Committee may grant to designated Participants the right to transfer Nonqualified Stock Options, to the extent allowed under rule 16b 3 of the Exchange Act, subject to the terms and conditions of the Committee Rules.~~

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

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

~~(h) Limitations on Incentive Stock Option Grants.~~

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

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

~~(i) 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 7(i). 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 whom 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.~~

~~(j) Deferral of Award Payment. The Committee may establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award or other event that absent the election would entitle the Participant to payment or receipt of Common Stock or other consideration under an Option. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts of Common Stock so deferred, and such other terms, conditions, rules and procedures that the Committee deems advisable for the administration of any such deferral program.~~

~~8. RESTRICTED SHARES~~

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

~~(a) Grant of Restricted Shares. The Committee shall determine the number of Restricted Shares to be included in the grant and the period or periods during which the Transferability Restrictions applicable to the Restricted Shares will be in force (the "Restricted~~

~~Period"). Unless otherwise determined by the Committee at the time of grant, the Restricted Period shall be for a minimum of three years and shall not exceed ten years from the date of grant, as determined by the Committee at the time of grant. The Restricted Period may be the same for all Restricted Shares granted at a particular time to any one Participant or may be different with respect to different Participants or with respect to various of the Restricted Shares granted to the same Participant, all as determined by the Committee at the time of grant.~~

~~(b) Transferability Restrictions. During the Restricted Period, Restricted Shares may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or otherwise encumbered. Furthermore, a Participant's right, if any, to receive Common Stock upon termination of the Restricted Period may not be assigned or transferred except by will or by the laws of descent and distribution. In order to enforce the limitations imposed upon the Restricted Shares the Committee may (i) cause a legend or legends to be placed on any such certificates, and/or (ii) issue "stop transfer" instructions as it deems necessary or appropriate. Holders of Restricted Shares limited as to sale under this subsection 8(b) shall have rights as a shareholder with respect to such shares to receive dividends in cash or other property or other distribution or rights in respect of such shares, and to vote such shares as the record owner thereof. With respect to each grant of Restricted Shares, the Committee shall determine the Transferability Restrictions which will apply to the Restricted Shares for all or part of the Restricted Period. By way of illustration but not by way of limitation, the Committee may provide (i) that the Participant will not be entitled to receive any shares of Common Stock unless he or she is still employed by the Corporation or its Affiliates at the end of the Restricted Period, (ii) that the Participant will become vested in Restricted Shares according to a schedule determined by the Committee, or under other terms and conditions determined by the Committee, and (iii) how any Transferability Restrictions will be applied, modified or accelerated in the case of the Participant's death or Total and Permanent Disability.~~

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

~~9. RESTRICTED SHARE UNITS~~

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

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

~~(b) Transferability Restrictions. During the Restricted Period, Restricted Share Units may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or otherwise encumbered. Furthermore, a Participant's right, if any, to receive cash or Common Stock upon termination of the Restricted Period may not be assigned or transferred except by will or by the laws of descent and distribution. With respect to each grant of Restricted Share Units, the Committee hall determine the Transferability Restrictions which will apply to the Restricted Share Units for all or part of the Restricted Period. By way of illustration but not by way of limitation, the Committee may provide (i) that the Participant will forfeit any Restricted Share Units unless he or she is still employed by the Corporation or its Subsidiaries at the end of the Restricted Period, (ii) that the Participant will become vested in Restricted Share Units according to a schedule determined by the Committee, or under other terms and conditions determined by the Committee, and (iii) how any Transferability Restrictions will be applied, modified or accelerated in the case of the Participant's death or Total and Permanent Disability.~~

~~(c) During the Restricted Period, Participants will be credited with dividends, equivalent in value to those declared and paid on shares of Common Stock, on all Restricted Share Units granted to them. These dividends will be regarded as having been reinvested in Restricted Share Units on the date of the Common Stock dividend payments based on the then Fair Market Value of the Common Stock thereby increasing the number of Restricted Share Units held by a Participant. Holders of Restricted Share Units under this subsection 9(c) shall have none of the rights of a shareholder with respect to such shares. Holders of Restricted Share Units are not entitled to receive dividends in cash or other property, nor other distribution of rights in respect of such shares, nor to vote such shares as the record owner thereof.~~

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

~~10. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS~~

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

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

~~(c) An authorized leave of absence, or qualified military leave in accordance with section 414(u) of the Code, shall not be deemed to be a termination of employment for purposes of the Plan. A termination of employment with the Corporation or an Affiliate to accept immediate reemployment with the Corporation or an Affiliate likewise shall not be deemed to be a termination of employment for purposes of the Plan. A Participant who is classified as an~~

~~intermittent employee shall be deemed to have a termination of employment for purposes of the Plan.~~

~~11. 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 30,000,000 in the aggregate, of which not more than 30,000,000 shall be available for option and sale, and of which not more than 3,000,000 shall be available for grant as Restricted Shares and Restricted Share Units, subject to the adjustment provision set forth in Section 13 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. Shares subject to Options which become ineligible for purchase, Restricted Share Units which are retired through forfeiture or maturity, other than those Restricted Share Units which are retired through the payment of Common Stock, and Restricted Shares which are forfeited during the Restricted Period due to any applicable Transferability Restrictions will be available for Awards under the Plan to the extent permitted by section 16 of the Exchange Act (or the rules and regulations promulgated thereunder) and to the extent determined to be appropriate by the Committee.~~

~~12. INDIVIDUAL LIMITS~~

~~The maximum number of shares of Common Stock covered by Awards which may be granted to any Participant within any two consecutive calendar year period shall not exceed 1,500,000 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 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 Options available under the Plan.~~

~~13. CHANGES IN CAPITALIZATION~~

~~In the event there are any changes in the Common Stock or the capitalization of the Corporation through a corporate transaction, such as any merger, any acquisition through the issuance of capital stock of the Corporation, any consolidation, any separation of the Corporation (including a spin-off or other distribution of stock of the Corporation), any reorganization of the Corporation (whether or not such reorganization comes within the definition of such term in section 368 of the Code), or any partial or complete liquidation by the Corporation, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes shall be made by the Committee, to the extent necessary to preserve the benefit to the Participant contemplated hereby, to reflect such changes in (a) the aggregate number of shares subject to the Plan, (b) the maximum number of shares subject to the Plan, (c) the maximum number of shares for which Awards may be granted to any Participant, (d) the number of shares and the Option Price per share of all shares of Common Stock subject to outstanding Options, (e) the maximum number of shares of Common Stock covered by Awards which may be granted by the Chief Executive Officer within any calendar year period, (f) the maximum number of shares of Common Stock available for option and sale and available for grant as Restricted Shares and Restricted Share Units, (g) the number of Restricted Shares and Restricted Share Units awarded to Participants, and (h) 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.~~

~~14. 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.~~

~~15. TERM OF THE PLAN~~

~~The term of the Plan shall be ten years, beginning April 26, 2001, and ending April 25, 2011, unless the Plan is terminated prior thereto by the Committee. No Award may be granted or awarded after the termination date of the Plan, but Awards theretofore granted or awarded shall continue in force beyond that date pursuant to their terms.~~

~~16. GENERAL PROVISIONS~~

~~(a) Designated Beneficiary. Each Participant who shall be granted Restricted Shares and/or Restricted Share Units under the Plan may designate a beneficiary or beneficiaries with the Committee; provided that no such designation shall be effective unless so filed prior to the death of such Participant.~~

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

~~(c) Binding Effect. Any decision made or action taken by the Corporation, the Board or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be conclusive and binding upon all persons.~~

~~(d) Modification of Awards. The Committee may in its sole and absolute discretion, by written notice to a Participant, (i) limit the period in which an Option may be exercised to a period ending at least three months following the date of such notice, (ii) limit or eliminate the number of shares subject to Option after a period ending at least three months following the date of such notice, and/or (iii) accelerate the Restricted Period with respect to the Restricted Share and Restricted Share Unit Awards granted under this Plan. Notwithstanding anything in this subsection 16(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.~~

~~(e) Nonresident Aliens. In the case of any Award granted to a Participant who is not a resident of the United States or who is employed by an Affiliate other than an Affiliate that is incorporated, or whose place of business is, in a State of the United States, the Committee may (i) waive or alter the terms and conditions~~

~~of any Awards to the extent that such action is necessary to conform such Award to applicable foreign law, (ii) determine which Participants, countries and Affiliates are eligible to participate in the Plan, (iii) modify the terms and conditions of any Awards granted to Participants who are employed outside the United States, (iv) establish subplans, each of which shall be attached as an appendix hereto, modify Option exercise procedures and other terms and procedures to the extent such actions may be necessary or advisable, and (v) take any action, either before or after the Award is made, which is deems advisable to obtain approval of such Award by an appropriate governmental entity; provided, however, that no action may be taken hereunder if such action would (i) materially increase any benefits accruing to any Participants under the Plan, (ii) increase the number of securities which may be issued under the Plan, (iii) modify the requirements for eligibility to participate n the Plan, (iv) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Exchange Act or the Code or (v) result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.~~

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

~~(g) Inalienability of Benefits and Interest. Except as otherwise provided in this Plan, 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.~~

~~(h) 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.~~

~~(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 etain, and hall 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 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 shall be made in writing and signed by the Participant. An election pursuant to this subsection is irrevocable. A Participant who exercises an Option may satisfy the income tax withholding due in respect of such exercise pursuant to this subsection only to meet required tax withholding and shares of Common Stock cannot be withheld in excess of the minimum number required for tax withholding. Notwithstanding any other provision of the Plan, the number of shares of Common Stock or the amount of cash to be delivered may, in the discretion of the Corporation, be net of the number of shares of Common Stock or the amount of cash required to be withheld to meet all applicable tax withholding requirements.~~

~~(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 16(d) and 16(e) 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.~~

Exhibit No. (12)

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

	Year Ended December 31				
	1997(a)	1998(b)	1999(c)	2000(d)	2001(e)
Consolidated Companies					
Income before income taxes.	$1,352.7	$1,523.3	$2,251.7	$2,436.0	$2,164.4
Interest expense.	164.8	198.7	213.1	221.8	191.6
Interest factor in rent expense	49.8	52.3	50.5	48.6	53.5
Amortization of capitalized interest. . .	9.0	9.4	10.0	9.6	10.8
Equity Affiliates					
Share of 50% owned:					
Income before income taxes.	51.2	47.6	43.4	43.0	(.6)
Interest expense.	7.1	9.9	8.0	7.5	5.5
Interest factor in rent expense	.7	1.2	.9	.9	.8
Amortization of capitalized interest. .	.6	.5	.6	.5	.2
Distributed income of less than 50% owned	62.5	98.1	88.0	96.4	103.8
Earnings.	$1,698.4	$1,941.0	$2,666.2	$2,864.3	$2,530.0
Consolidated Companies					
Interest expense.	$ 164.8	$ 198.7	$ 213.1	$ 221.8	$ 191.6
Capitalized interest.	17.0	12.4	12.9	20.9	19.6
Interest factor in rent expense	49.8	52.3	50.5	48.6	53.5
Equity Affiliates					
Share of 50% owned:					
Interest and capitalized interest . . .	7.5	10.0	8.1	7.5	5.5
Interest factor in rent expense	.7	1.2	.9	.9	.8
Fixed Charges	$ 239.8	$ 274.6	$ 285.5	$ 299.7	$ 271.0
Ratio of earnings to fixed charges. .	7.08	7.07	9.34	9.56	9.34

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

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

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

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

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

(e) Income before income taxes for consolidated companies and the ratio of earnings to fixed charges include the following pretax items: $52.6 million of charges for a North American mill closing and other write offs, $32.5 million of charges for a Latin American asset plan, $55.5 million of charges for business improvement programs, $29.1 million of business integration and other costs and $43.2 million of arbitration settlements. Excluding these items, the ratio of earnings to fixed charges was 10.12.

Exhibit No. (13)

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

BUSINESS SEGMENTS

As a result of organizational changes announced in November 2001, the Corporation redefined its business segments. The newly defined segments are Personal Care, Consumer Tissue and Business-to-Business.

Historical information contained in this Management's Discussion and Analysis has been reclassified for comparative purposes to be consistent with the new business segment definitions. Sales and operating profit of K-C Professional and Neenah Paper have been removed from the former Tissue segment and are included in the new Business-to-Business segment along with the Corporation's Health Care, Nonwovens and Technical Paper operations that formerly constituted the Health Care and Other segment. The now smaller Tissue segment was renamed Consumer Tissue. The Personal Care segment did not change.

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

The Consumer Tissue segment manufactures and markets facial and bathroom tissue, paper towels and napkins for household use; wet wipes; and related products. Products in this segment are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Page, Huggies and other brand names.

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

ANALYSIS OF CONSOLIDATED NET SALES THREE YEARS ENDED DECEMBER 31, 2001

By Business Segment

(Millions of dollars)	2001	2000	1999
Personal Care.	$ 5,677.6	$ 5,437.6	$ 5,138.1
Consumer Tissue.	5,383.5	5,061.3	4,855.0
Business-to-Business	3,624.8	3,678.9	3,156.6
Intersegment sales	(161.5)	(195.8)	(142.9)
Consolidated	$14,524.4	$13,982.0	$13,006.8

By Geographic Area

(Millions of dollars)	2001	2000	1999
United States.	$ 9,327.7	$ 9,059.4	$ 8,392.5
Canada	938.3	990.3	843.4
Intergeographic sales.	(694.7)	(673.5)	(507.4)
Total North America.	9,571.3	9,376.2	8,728.5
Europe	2,648.4	2,474.5	2,544.7
Asia, Latin America and other.	2,864.4	2,680.5	2,084.6
Intergeographic sales.	(559.7)	(549.2)	(351.0)
Consolidated	$14,524.4	$13,982.0	$13,006.8

Commentary:

2001 versus 2000

Consolidated net sales increased 3.9 percent above 2000. Excluding changes in foreign currency exchange rates, primarily in Europe, Korea and Brazil, net sales increased more than 6 percent. Sales volumes advanced over 4 percent with each business segment contributing to the gain. Acquisitions, including Linostar S.p.A. ("Linostar") in Italy, S-K Corporation ("S-K"), a former licensee in Taiwan, and the purchase of an additional 5 percent of its former equity affiliate, Kimberly-Clark Australia Pty. Ltd. ("KCA") that increased the Corporation's ownership to 55 percent of that entity,

~~contributed about 3 percentage points of the increased net sales. Selling prices increased nearly 2 percent.~~

~~Worldwide net sales of personal care products increased 4.4 percent. Sales volume growth of 7 percent was partially offset by a negative 3 percent effect of changes in currency exchange rates. Excluding currency effects, net sales increased in every geographic region. In North America, net sales advanced because of 2 percent higher selling prices. In Europe, sales volumes gained 19 percent driven by strong sales of Huggies diapers, including an 11 percentage point contribution from the January 2001 acquisition of Linostar. Strong volume gains in the Caribbean region of Latin America were partially offset by lower volumes in Brazil resulting from market contraction in that country. Asia's sales volume benefited from the acquisitions of KCA and S-K and from growth in Korea for diapers and feminine care products, partially offset by a sales volume decline in China.~~

~~Worldwide net sales of consumer tissue products increased 6.4 percent. Excluding currency effects, primarily in Europe and Korea, net sales were nearly 9 percent higher with sales volume and selling price increases each contributing about equally to the advance. More than half of the increase in sales volumes was due to higher sales of bathroom tissue, particularly Scott tissue, and Huggies baby wipes in North America. This region also contributed over half the gain in selling prices, which~~

was attributable to facial tissue and household towel price increases. Selling price increases in Europe contributed the balance of the gain. Sales volumes in Latin America grew over 8 percent. Asia produced almost half the increase in sales volumes, primarily due to KCA and higher sales in Korea.

- Net sales for the business-to-business segment declined 1.5 percent. Excluding currency effects, net sales were about equal to the prior year. Net sales for health care products expanded 8 percent, principally due to increased sales volumes. However, net sales in North America for K-C Professional, Neenah Paper and Technical Paper declined due to lower sales volumes that reflected the slowdown in market demand associated with the economic downturn.

2000 versus 1999

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

- Worldwide net sales of personal care products were 5.8 percent higher primarily due to increased sales volumes. Selling price increases of nearly 2 percent were offset by the negative effect of changes in foreign currency exchange rates. Net sales were higher in every geographic region. In North America, a slight decline in overall sales volumes was more than offset by increased selling prices. In Europe, sales volumes were 16 percent greater, driven by strong sales of Huggies diapers. The net sales increase in Latin America was primarily due to continued expansion in sales volumes. Asia benefited from increased sales volumes of diapers and feminine care products in Korea and the acquisition of S-K. On March 31, 2000, the Corporation increased its ownership interest in Hogla-Kimberly Limited ("Hogla"), its Israeli affiliate, to 50.1 percent and began to consolidate Hogla's results in April 2000.

- Worldwide net sales of consumer tissue products increased nearly 6 percent. Excluding currency effects, net sales increased approximately 9 percent. Sales volumes grew about 8 percent and selling price increases added the remainder. Excluding currency effects, net sales increased in each geographic region. The increase in sales volumes was primarily due to higher sales of Kleenex Cottonelle and Scott bathroom tissue. Other significant contributors to the increase were household towels and wet wipes products in North America. Sales volumes in Europe benefited from the Attisholz Holding AG ("Attisholz") tissue brands acquired in June 1999. In Latin America, higher sales volumes accounted for the increase in net sales. The consolidation of Hogla also contributed to the overall higher sales volumes.

- Net sales for the business-to-business segment increased approximately 18 percent, primarily due to increased sales volumes for washroom products in North America and the acquisitions of Ballard Medical Products ("Ballard") in September 1999 and Safeskin Corporation ("Safeskin") in February 2000.

UNUSUAL ITEMS

For purposes of this Management's Discussion and Analysis, the items summarized in the following table are considered to be unusual items ("Unusual Items").

	Year Ended December 31		
(Millions of dollars)	2001	2000	1999
Charges (credits) to Operating Profit:			
North American mill closing and other write-offs.	$ 52.6	$ -	$ -
Latin American asset plan	32.5		
Arbitration settlements	43.2		
Business integration and other costs.	29.1	35.1	22.6
Business improvement programs	55.5	24.4	47.8
Patent settlement and accrued liability reversal.		(75.8)	
Litigation settlements.	-	15.2	-
Gains on asset disposals.			(167.7)
Net charge (credit) for unusual items	212.9	(1.1)	(97.3)
Operating profit as reported.	2,338.2	2,633.8	2,435.4
Operating profit before unusual items	$2,551.1	$2,632.7	$2,338.1

On November 30, 2001 the Corporation announced plans for the streamlining of manufacturing operations in Latin America, including the shutdown of four small, older plants, as well as the closure of a technical paper mill and the write-off of excess manufacturing equipment in North America. Also included in those plans was a one-time payment to settle a vendor contract agreement in North America. Included in the charges recorded in the fourth quarter 2001 was $2.3 million of employee severance costs for 243 affected employees who were notified of their severance and related benefits. As of December 31, 141 of these individuals were no longer actively employed by the Corporation. The remaining 102 employees will cease employment with the Corporation principally in the first quarter 2002. The accrued liability related to this latter group was $1.5 million as of December 31, 2001. Other cash charges related to the plans totaled $16.1 million and were recorded in the fourth quarter. As of December 31, 2001 the accrued liability related to these other exit costs was $15.2 million, including $11.0 million for the vendor contract settlement that was paid in early January 2002. Total noncash costs for the plans recorded in the fourth quarter were $66.7 million, including the write off of the assets associated with the technical paper mill that was closed in December 2001.

It is anticipated that by the end of 2003, approximately $32 million will be recorded to complete these plans. The estimated cost to complete the plans includes $14 million of severance for approximately 1,100 employees, which will be recorded when the employees are notified of their severance, and $12 million of accelerated depreciation for assets that will be removed from service, primarily during 2002.

Included in the fourth quarter 2001 was a charge of $43.2 million the Corporation recorded pursuant to arbitration rulings released on January 21 and 31, 2002. The rulings resolved two disputes related to the closure of the Corporation's Mobile, Ala., pulp mill in 1999 and the supply of energy to the Corporation's Mobile tissue mill.

As part of the integration of acquired businesses, including Linostar, S-K, Safeskin, Ballard and Attisholz, certain costs related to assimilating these operations were expensed as incurred in 2001, 2000 and 1999. Also in 2000, a downward revision in the estimated market value of certain nonproductive assets was recorded.

- The 2001 business improvement charges primarily relate to workforce severance and asset consolidation programs to streamline personal care operations in North America and China. The 2000 and 1999 charges were primarily for accelerated depreciation stemming from business improvement programs announced in 1999 and 1998.

- In the first quarter of 2000, the Corporation was compensated for royalty income related to prior years and recorded this settlement as other income. Also, certain estimated liabilities related to the 1997 disposition of a pulp and newsprint business were reversed to other income because no claims had been made by the buyer and the accrual ceased to be required.

- In 2000, the Corporation reached agreements to settle certain litigation and recorded charges related to these settlements.

Gains on asset disposals primarily relate to the 1999 sale of the timberlands associated with the pulp operation in Mobile, Ala.

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

ANALYSIS OF CONSOLIDATED OPERATING PROFIT THREE YEARS ENDED DECEMBER 31, 2001

By Business Segment

(Millions of dollars)	2001 AS REPORTED	2001 BEFORE UNUSUAL ITEMS	2000 As Reported	2000 Before Unusual Items	1999 As Reported	1999 Before Unusual Items
Personal Care.	$1,042.7	$1,119.5	$1,136.7	$1,141.9	$1,092.8	$1,109.1
Consumer Tissue.	863.7	902.9	825.1	847.1	689.2	727.8
Business-to-Business	599.4	650.8	666.0	698.3	579.2	605.4
Other income (expense), net. .	(83.7)	(38.2)	104.2	43.6	180.0	3.3
Unallocated net.	(83.9)	(83.9)	(98.2)	(98.2)	(105.8)	(107.5)
Consolidated	$2,338.2	$2,551.1	$2,633.8	$2,632.7	$2,435.4	$2,338.1

By Geographic Area

(Millions of dollars)	2001 AS REPORTED	2001 BEFORE UNUSUAL ITEMS	2000 As Reported	2000 Before Unusual Items	1999 As Reported	1999 Before Unusual Items
United States.	$1,927.5	$2,034.4	$1,937.1	$1,972.0	$1,821.9	$1,868.8
Canada	156.9	159.5	211.3	212.7	105.3	110.9
Europe	176.2	188.8	149.7	172.9	183.3	219.8
Asia, Latin America and other.	245.2	290.5	329.7	329.7	250.7	242.8
Other income (expense), net. .	(83.7)	(38.2)	104.2	43.6	180.0	3.3
Unallocated net.	(83.9)	(83.9)	(98.2)	(98.2)	(105.8)	(107.5)
Consolidated	$2,338.2	$2,551.1	$2,633.8	$2,632.7	$2,435.4	$2,338.1

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

Commentary:

2001 versus 2000

Operating profit before the Unusual Items declined 3.1 percent primarily due to other income (expense), net. Operating profit as a percentage of net sales decreased from 18.8 percent in 2000 to 17.6 percent in 2001. The results of the business segments were affected in North America by higher energy costs early in 2001, significant start up costs to support the rollout of new and improved products, increased fringe benefit costs primarily due to lower returns on pension assets and lower earnings for most of the business-to-business operations resulting from the downturn in the economy. These results were also affected by a decline in earnings from Latin American operations due to difficult business conditions and overall higher marketing expenses. These factors offset increased selling prices, higher sales volumes and lower pulp costs. The following commentary excludes the Unusual Items in both years.

Operating profit for personal care products declined 2.0 percent. Operating profit benefited from sales volume gains including the consolidation of KCA. Strong contributors to the volume gains were diapers in Europe, training pants in North America and diapers and feminine care products in Korea. However, higher marketing expenses, particularly in Europe, and the increased fringe benefit costs in North America more than offset the effect of the higher sales volumes.

Operating profit for consumer tissue products increased 6.6 percent. Selling price increases in North America for facial and bathroom tissue and towel products and in Europe, primarily for bathroom tissue, combined with lower pulp costs and the increase in sales volumes were the drivers behind the increase. Partially offsetting these gains were higher energy, start up and fringe benefit costs in North America and higher marketing costs in North America and Europe.

Operating profit for the business-to-business segment decreased 6.8 percent. Health care operating profit increased more than 20 percent on the strength of the higher sales volumes. As previously stated, the other North American operations in this segment were adversely affected by the downturn in the economy. The benefit of lower pulp costs did not offset the impacts of lower sales volumes and higher energy and fringe benefit costs.

Other income (expense), net for 2001 includes a charge of approximately $33 million in Latin America for sales tax credits that were determined to have a realizable value lower than originally estimated and currency transaction losses versus gains in 2000. Also included in 2000 were gains on minor asset sales.

2000 versus 1999

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

Operating profit for personal care products increased 3.0 percent as increased sales volumes and selling prices combined to more than offset higher raw materials costs and greater marketing expense, which was incurred to support launches of new products and geographic expansion. Higher sales volumes for diapers in Europe and diapers and feminine care products in Korea and selling price increases in North America, principally for diapers and feminine care products, were major contributors to the results achieved.

Operating profit for consumer tissue products was greater by 16.4 percent, primarily due to increased selling prices and sales volumes that combined to more than offset the higher costs of raw materials. In North America, increased sales volumes and reduced manufacturing costs for Kleenex Cottonelle and Scott bathroom tissue and higher selling prices and sales volumes for towel products were the principal contributors to improved results. In Europe, increased sales volumes did not offset the negative impact of higher pulp prices and currency effects.

Operating profit for the business to business segment increased 15.3 percent, principally due to the additional sales volumes in health care operations associated with the Ballard and Safeskin acquisitions. In the other operations in this segment, increased selling prices and higher sales volumes did not offset the increased cost of pulp.

Operating profit in North America benefited from a pension credit, primarily attributable to favorable returns on pension assets, which more than offset higher costs for other postretirement benefits.

Other income (expense), net increased primarily due to favorable foreign currency effects and gains on minor asset sales.

ADDITIONAL INCOME STATEMENT COMMENTARY

2001 versus 2000

Interest expense decreased primarily due to lower interest rates, partially offset by a higher average debt level.

The Corporation's effective income tax rate was 29.8 percent in 2001 compared with 31.1 percent in 2000. Before the Unusual Items in both years, the effective tax rate was 30.3 percent in 2001 compared with 31.0 percent in 2000. The lower effective tax rate was primarily due to tax initiatives and the resolution of prior years' income tax matters, and because the mix of the Corporation's income continues to shift to jurisdictions with lower effective tax rates.

The Corporation's share of net income of equity companies was $154.4 million in 2001 compared with $186.4 million in 2000. The decrease was primarily due to the previously mentioned consolidation of KCA and net losses at the Corporation's affiliates in Brazil and Argentina due to the unstable and contracting economies of those countries. Argentina's results were also affected by the devaluation of its currency.

Minority owners' share of subsidiaries' net income was even with 2000. The effect of the consolidation of KCA and the recognition in 2001 of the return on preferred securities to the minority interest in the Corporation's consolidated foreign financing subsidiary (as described under Financing Commentary) were offset by the lower earnings in Latin America.

On a diluted basis, net income was $3.02 per share in 2001 compared with $3.31 per share in 2000, a decrease of 8.8 percent. Earnings before the Unusual Items were $3.27 per share in 2001 compared with $3.32 per share in 2000, a decrease of 1.5 percent.

2000 versus 1999

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

The Corporation's effective income tax rate was 31.1 percent in 2000 compared with 32.4 percent in 1999. Before the Unusual Items in both years, the Corporation's effective income tax rate was 31.0 percent in 2000 compared with 32.1 percent in 1999. The lower effective tax rate was primarily due to tax initiatives.

The Corporation's share of net income of equity companies was $186.4 million in 2000 compared with $189.6 million in 1999. The decrease was primarily due to the previously mentioned consolidation of Hogla in 2000.

Minority owners' share of subsidiaries' net income increased in 2000 primarily due to improved results of the Corporation's majority owned subsidiaries in the Andean region and the consolidation of Hogla.

On a diluted basis, net income was $3.31 per share in 2000 compared with $3.09 per share in 1999, an increase of 7.1 percent. Earnings before the Unusual Items were $3.32 per share in 2000 compared with $2.98 per share in 1999, an increase of 11.4 percent.

SALES OF PRINCIPAL PRODUCTS

(Billions of dollars)	2001	2000	1999
Family care tissue products	$ 4.8	$ 4.5	$ 4.2
Diapers	3.3	3.2	3.0
Away from home tissue products	1.9	1.9	1.7
All other	4.5	4.4	4.1
Consolidated	$14.5	$14.0	$13.0

LIQUIDITY AND CAPITAL RESOURCES

	Year Ended December 31	
(Millions of dollars)	2001	2000
Cash provided by operations	$2,253.8	$2,133.2
Capital spending	1,099.5	1,170.3
Acquisitions of businesses, net of cash acquired	135.0	294.5
Proceeds from dispositions of property, businesses and investments	67.5	97.6
Proceeds from notes receivable		220.0
Proceeds from issuance of preferred securities of subsidiary	516.5	-
Ratio of net debt and preferred securities to capital	38.9%	35.2%
Pretax interest coverage - times	11.7	11.4

Cash Flow Commentary:

Cash provided by operations increased by $120.6 million. Net income plus noncash charges included in net income of $2.5 billion in 2001 was even with 2000. The Corporation invested $232.6 million in working capital in 2001 versus $338.3 million in 2000.

Capital spending in 2001 decreased by $70.8 million as the Corporation completed and started up significant projects begun in 2000 including investments in its proprietary technologies for tissue, Cottonelle Fresh rollwipes, wet wipes and adult care in North America, and for tissue and diaper manufacturing outside North America.

Financing Commentary:

In 2001, the Corporation repurchased 15.0 million shares of its common stock in connection with its share repurchase program at a total cost of approximately $900 million. At December 31, 2001, authority to repurchase 21.5 million shares remained under November 2000 repurchase authority from the Corporation's board of directors. In 2000, the Corporation repurchased 21.0 million shares

~~of its common stock at a total cost of nearly $1.2 billion. All share repurchases by the Corporation were effected through brokers on the New York Stock Exchange. No shares were repurchased directly from any officer or director of the Corporation.~~

~~In February 2001, a newly formed Luxembourg based consolidated financing subsidiary of the Corporation issued 1 million shares of preferred securities (the "Securities") with an aggregate par value of $520 million to a nonaffiliated entity for cash proceeds of $516.5 million. Approximately 97 percent of the subsidiary's funds are invested in long term, variable rate loans to the Corporation or its consolidated subsidiaries on terms that would be substantially similar to other borrowings by the Corporation or its consolidated subsidiaries. The remaining funds are invested in other financial assets. The Securities pay no dividend but accrue a variable rate of return based on three month LIBOR plus 0.764 percent, which at December 31, 2001 equated to an annual rate of approximately 3.03 percent. The Securities are in substance perpetual and are callable by the subsidiary at par value plus any accrued but unpaid return on the Securities in November 2008 and each 20 year anniversary thereafter. The common equity securities, all of which are owned by the Corporation, are entitled to all of the residual equity after satisfaction of the preferred interests. As of December 31, 2001, the authorized, issued and outstanding 1 million shares of preferred securities had a balance (and a liquidating value) of $538.4 million which is shown as preferred securities of subsidiary on the consolidated balance sheet. The increase in the balance of the Securities during 2001 of $21.9 million is the return on the Securities, which was included in minority owners' share of subsidiaries' net income for 2001 on the Corporation's consolidated income statement.~~

~~At December 31, 2001, total debt and preferred securities was $4.2 billion, an increase of $.7 billion above the prior year end total. Net debt (total debt net of cash and cash equivalents) and preferred securities was $3.8 billion at December 31, 2001 compared with $3.3 billion at December 31, 2000. The ratio of net debt and preferred securities was 38.9 percent, which is within the Corporation's targeted range of 30 to 40 percent.~~

~~At December 31, 2001, the Corporation had $1.475 billion of syndicated revolving credit facilities. These facilities, unused at December 31, 2001, permit borrowing at competitive interest rates and are available for general corporate purposes, including backup for commercial paper borrowings. Of these facilities, $737.5 million expires in October 2002 and the balance expires in November 2006.~~

~~On February 8, 2002, the Corporation issued $400 million of 5 5/8% Notes due February 15, 2012 and used the proceeds to retire commercial paper. This issuance supported the Corporation's classification of $400 million of short term commercial paper as long term debt in the December 31, 2001 Consolidated Balance Sheet.~~

~~The Corporation's long term debt securities have a Double-A rating and its commercial paper is rated in the top category.~~

~~Off Balance Sheet Financing Arrangements:~~

~~The Corporation has sold certain non strategic timberlands and related assets to nonaffiliated buyers and received long term notes from the buyers of these assets. It entered into such transactions in 1999 and 1989. These transactions qualified for the installment method of accounting for income tax purposes and met the criteria for immediate profit recognition for financial reporting purposes. The 1999 sale involved notes receivable having an aggregate face value of $397 million and a fair value of approximately $383 million at the date of sale. These notes do not require principal payments before their December 31, 2009 maturity, are extendable at the option of the note holder in five year increments to December 31, 2029, and have floating interest rates of LIBOR less 15 basis points. The 1989 sale involved notes receivable having an aggregate face value of $220 million and a fair value of approximately $210 million at the date of sale. These notes do not require principal payments before~~

~~their July 7, 2011 maturity, are extendable at the option of the note holder in three year increments to July 7, 2019, and have floating interest rates of LIBOR less 12.5 basis points. The notes receivable are backed by irrevocable standby letters of credit issued by money center banks, which aggregate $617 million at December 31, 2001.~~

~~Because the Corporation desired to monetize the $617 million of notes receivable and continue the deferral of current income taxes on the gains, in 1999 the Corporation transferred the notes received from the 1999 sale to a non controlled financing entity, and in 2000 it transferred the notes received from the 1989 sale to a non controlled financing entity. The Corporation has minority voting interests in each of the financing entities, (collectively, the "Financing Entities") and accounts for these minority ownership interests using the equity method of accounting. The transfers of the notes and certain other assets to the Financing Entities were made at fair value, were accounted for as asset sales and resulted in no gain or loss to the Corporation. A non affiliated financial institution has made substantive capital investments in each of the Financing Entities, has majority voting control over them and has substantive risks and rewards of ownership of the assets in the Financing Entities. The Financing Entities became obligated for $617 million in third party debt financing. The Corporation also contributed intercompany notes receivable (guaranteed by the Corporation) aggregating $662 million and intercompany preferred stock of $50 million to the Financing Entities, which serve as secondary collateral for the third-party lending arrangements. The Corporation retains equity interests in the Financing Entities for which the legal right of offset exists against the intercompany notes. As a result, the intercompany notes payable have been offset against the Corporation's equity interests in the Financing Entities for financial reporting purposes. In the unlikely event of default by the money center banks that provided the irrevocable standby letters of credit, the Corporation could experience losses as a result of these arrangements.~~

~~In 1988, Scott Paper Company ("Scott"), prior to its merger with the Corporation, together with Mead Corporation, sold their joint ownership interests in a pulp and paper manufacturing facility and related timberlands to Georgia Pacific Corporation ("G P") for $665 million, less related debt. The purchase price consisted of cash and ten year G P notes in the principal amount of $300 million. The G P transaction qualified for the installment method of accounting for income tax purposes and met the criteria for immediate profit recognition for financial reporting purposes. In 1998, G P extended the maturity of the notes for an additional five years.~~

~~In 1988, in order to monetize the G P notes and continue the deferral of current income taxes of $55 million on the gain, Scott and Mead formed a jointly owned partnership and each contributed their G P notes to the partnership. The partnership borrowed $300 million from a third party under a ten year bank loan agreement. Although their respective portions of the loan are guaranteed by the Corporation and Mead, the loan was based on G P's credit rating. The loan is prepayable at any time and can be paid in cash or by the delivery of the G P notes. Scott received a cash distribution of $149 million from the partnership in 1988, thus monetizing its portion of the G P notes. In 1998, at the time the G P notes were extended, a new bank loan for the partnership was put in place for an additional five years. In recognition of the G P credit risk, the Corporation and Mead are required to compensate the lender for the 95 basis point difference between the interest received on the G P notes and the interest that the G P credit risk would otherwise require. The Corporation recognizes its portion of the negative spread by a charge to interest expense on a quarterly basis. Because in the event of default by G P, the Corporation can satisfy its guarantee by delivery of the G P notes to the lender, it is unlikely that the Corporation would experience any loss on this arrangement.~~

~~If payment of the outstanding notes were to be accelerated in the above financing arrangements, previously provided deferred income taxes totaling $254 million at December 31, 2001 may become payable. Because the Corporation has made no pledges or guarantees as to collateral or asset values of these financing arrangements, there would be no adverse effect on income or stockholders' equity. The debt of the entities would not become an obligation of the Corporation, nor would the Corporation be required to disburse cash to satisfy the debt obligations of these entities.~~

~~In 1994, the Corporation began participating in the U.S. affordable and historic renovation real estate markets. Investments in these markets are encouraged by laws enacted by the United States Congress and related federal income tax rules and regulations. Accordingly, these investments generate income tax credits and depreciation deductions that are used to reduce the Corporation's income tax liabilities. The Corporation has invested in these markets through (i) a partnership arrangement in which it is a limited partner, (ii) limited liability companies ("LLCs") in which it is a non-managing member and (iii) through investments in various funds in which the Corporation is one of many noncontrolling investors. The partnership, LLCs and funds borrow money from third parties on a nonrecourse basis and invest in and own various real estate projects. These entities are not consolidated because they are not controlled by the Corporation. The Corporation accounts for its interests in these entities by the equity method of accounting or by the effective yield method, as appropriate, and accounts for related income tax credits as a reduction in the income tax provision.~~

~~As of December 31, 2001, the Corporation had committed to invest $207 million in these real estate projects. Income tax credits to be generated by these investments are expected to exceed $152 million, of which approximately $80 million will be claimed on the Corporation's income tax returns through December 31, 2001. As of December 31, 2001, total permanent financing debt for the projects is $277 million. This permanent financing debt is secured solely by the properties, is nonrecourse to the Corporation and is not supported or guaranteed by the Corporation. From time to time, temporary interim financing is guaranteed by the Corporation. In general, the Corporation's interim financing debt guarantees are eliminated at the time permanent financing is obtained. At December 31, 2001, $51 million of temporary interim financing debt is guaranteed by the Corporation. About $30 million of the guarantee is expected to be eliminated in 2002 and the balance is expected to be eliminated by 2005. The Corporation considers its default risk from these real estate investments and its temporary interim financing debt guarantees to be minimal as a result of geographical dispersion of the projects and because the permanent financing debt of the projects is nonrecourse to the Corporation.~~

~~As of December 31, 2001, the total underlying market value of the properties is estimated to be comfortably in excess of the total related permanent financing debt. If the Corporation's investments in these real estate entities were to be disposed of at their carrying amounts, a portion of the tax credits and depreciation deductions claimed on the Corporation's income tax returns may be recaptured and may result in a charge to income. As of December 31, 2001, this recapture risk is estimated to be at least $33 million. The Corporation has no current intention of disposing of these investments, nor does it anticipate the need to do so in the foreseeable future in order to satisfy any anticipated liquidity need. Accordingly, the Corporation considers its recapture risk to be remote.~~

~~No current or former officer or employee of the Corporation, its subsidiaries or affiliates or any person related to such officer or employee is a participant in any of the above financing arrangements and therefore could not personally benefit in any way, financially or otherwise, from any of these arrangements.~~

~~From time to time, the Corporation acquires the use of certain assets, such as automobiles, fork lifts, trucks, office equipment, warehouses and some manufacturing equipment through operating leasing arrangements, including synthetic leases. Synthetic leases are often desirable when they offer administrative benefits, as would be the case in avoiding the burden of acquiring and disposing of automobiles, fork lifts and trucks, or when long term interest only financing is available, as is often the case in real estate synthetic leases. Synthetic leases usually are cost effective alternatives to traditional operating leases because of their more favorable interest rates and treatment under income tax laws. Under applicable accounting rules for operating leases, rent expense is recorded for financial reporting purposes and no asset or debt obligation is recorded on the Corporation's balance sheet.~~

~~In 2001, rental expense under operating leases, including synthetic leases, totaled $159.4 million. Using a standard rate of eight times annual rental expense to estimate the fair value of assets under lease would equate to the Corporation having approximately $1.3 billion of assets financed by means of operating and synthetic leases. Synthetically leased assets total about $25 million, or 2 percent, of the total assets leased by the Corporation.~~

~~Many of these operating leases have termination penalties or residual value guarantees. However, because the assets under operating leases are used in the conduct of the Corporation's business operations, it is unlikely that any significant portion of these operating leases would be terminated prior to the normal expiration of their lease terms. Accordingly, the Corporation considers its risks related to these termination penalties and residual value guarantees to be minimal.~~

~~Other Commentary:~~

~~The Corporation purchased an additional 5 percent ownership interest in KCA for A$77.5 million (approximately $39 million), increasing its ownership interest to 55 percent. This acquisition is part of the Corporation's strategy to expand its three business segments within Australia. The acquisition of the additional 5 percent ownership of KCA resulted in recognizing goodwill of $32 million reflecting the Corporation's expectation of continued growth and profitability of KCA. Effective July 1, 2001, the Corporation began consolidating KCA's net sales and operating results. The Corporation and its joint venture partner, Amcor Limited, also exchanged options for the purchase by the Corporation of the remaining 45 percent ownership interest for A$697.5 million (approximately $355 million) within the next four years.~~

~~Management believes that the Corporation's ability to generate cash from operations, which has exceeded $2 billion in each of the last three years, 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.~~

~~RISK SENSITIVITY~~

~~As a multinational enterprise, the Corporation is exposed to changes in foreign currency exchange rates, interest rates and commodity prices. A variety of practices are employed to manage these market risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. Derivative instruments are used only for risk management purposes and not for speculation or trading. All derivative instruments are either exchange traded or are entered into with major financial institutions. The Corporation's credit exposure under these arrangements is limited to the fair value of the agreements with a positive fair value at the reporting date. Additionally, credit risk with respect to the counterparties is considered minimal in view of the financial strength of the counterparties.~~

~~Effective January 1, 2001, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") 133, Accounting for Derivative Instruments and Hedging Activities, as amended. This accounting standard requires that all derivative instruments be recognized as assets or liabilities on the balance sheet at fair value. Changes in the fair value of derivatives are either recorded in income or other comprehensive income, which is part of stockholders' equity, depending on whether the derivative has been designated and qualifies as part of a hedging relationship. The gain or loss on derivatives designated as fair value hedges and the offsetting loss or gain on the hedged item attributable to the hedged risk are included in current income in the period that changes in fair value occur. The gain or loss on derivatives designated as cash flow hedges is included in other comprehensive income in the period that changes in fair value occur and is reclassified to income in the same period that the hedged item affects income. The gain or loss on derivatives that have not been designated as hedging instruments is included in current income in the period that changes in fair value occur.~~

~~Upon adoption of SFAS 133, the Corporation recognized a pretax loss of $.5 million in other (income) expense, net as a cumulative effect of a change in accounting. It also recorded an after tax gain of $1.5 million in other comprehensive income on cash flow hedges of forecasted purchases of pulp, which was recognized in income in 2001.~~

~~Foreign Currency Risk~~

~~Foreign currency risk is managed by the use of foreign currency forward, swap and option contracts. The use of these contracts allows management of transactional exposure to exchange rate fluctuations because the gains or losses incurred on the derivative instruments will offset, in whole or in part, losses or gains on the underlying foreign currency exposure. Management of foreign currency transactional exposures was not changed during 2001, and management does not foresee or expect any significant change in such exposures or in the strategies it employs to manage them in the near future.~~

~~Foreign currency contracts and transactional exposures are sensitive to changes in foreign currency exchange rates. As of December 31, 2001, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of foreign currencies involving transactional exposures would have resulted in a net pretax loss of approximately $32 million. These hypothetical gains or losses on foreign currency contracts and transactional exposures are defined as the difference between the December 31, 2001 rates and the hypothetical exchange rates. In the view of management, the above losses resulting from the hypothetical changes in foreign currency exchange rates are not material to the Corporation's consolidated financial position, results of operations or cash flows.~~

~~Interest Rate Risk~~

~~Interest rate risk is managed through the maintenance of a portfolio of variable and fixed rate debt composed of short and long term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. At December 31, 2001, the debt portfolio was composed of approximately 50 percent variable rate debt, adjusted for the effect of variable rate assets, and 50 percent fixed rate debt. The strategy employed to manage exposure to interest rate fluctuations did not change significantly during 2001, and management does not foresee or expect any significant changes in its exposure to interest rate fluctuations or in how such exposure is managed in the near future.~~

~~Various outstanding interest bearing instruments are sensitive to changes in interest rates. Interest rate changes would result in gains or losses in the market value of fixed rate debt due to differences between the current market interest rates and the rates governing these instruments. With respect to fixed rate debt outstanding at December 31, 2001, a 10 percent change in interest rates would have resulted in no material change in the fair value of fixed rate debt. With respect to commercial paper and other variable rate debt, a 10 percent increase in interest rates would have had no material effect on the future results of operations.~~

~~Commodity Price Risk~~

~~The Corporation is subject to commodity price risk, the most significant of which relates to the price of pulp. Selling prices of tissue products are influenced, in part, by the market price for pulp, which is determined by industry supply and demand. On a worldwide basis, the Corporation supplies approximately 40 percent of its virgin fiber needs from internal pulp manufacturing operations. Management still intends to reduce its level of pulp integration, when market conditions permit, to approximately 20 percent, and such a reduction in pulp integration, if accomplished, could increase the Corporation's commodity price risk. Specifically, increases in pulp prices could adversely affect earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in pulp~~

prices. Derivative instruments have not been used to manage these risks. Management does not believe that commodity price risk is material to the Corporation's business or its consolidated financial position, results of operations or cash flows.

Inflation Risk

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

OTHER INFORMATION

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Differences from those estimates are recorded in the appropriate period. Estimates are used in accounting for, among other items, consumer and trade promotion and rebate accruals, employee benefits, workers compensation claims and certain product liability risks, excess and obsolete inventory, allowances for doubtful accounts, deferred tax assets and contingencies.

Among those factors affecting the accruals for promotion and rebate costs are estimates of the number of consumer coupons that will be redeemed, the level of support that trade customers have provided to the Corporation and the quantity of products distributors have sold to specific customers. Generally, the Corporation bases its estimates on historical patterns of expense, influenced by judgments about current market conditions.

The accounting model for pension costs under SFAS 87, Employers' Accounting for Pensions, is based on the delayed recognition of the pension obligation. For example, changes in the fair market value of pension assets under SFAS 87 are not recognized as they occur but are recognized in a systematic and gradual manner over future years. To illustrate application of the delayed recognition approach, at December 31, 1999, the fair market value of assets for the Corporation's defined benefit pension plans was approximately $4.4 billion, and based on the Corporation's expected long-term rate of return of 9.3 percent, these assets were expected to increase in value during 2000 by approximately $400 million. However, the value of pension assets declined by about $50 million in 2000 and after benefit payments of $255 million, the fair market value of plan assets was approximately $4.1 billion at December 31, 2000. During 2001, the December 31, 2000 fair market value of pension assets of $4.1 billion was expected to increase by approximately $370 million. However, pension assets declined in value by about $130 million in 2001 and after benefit payments of $260 million, the fair market value of pension assets was approximately $3.7 billion at December 31, 2001. Primarily as a consequence of these factors, the Corporation's net cost of pensions increased approximately $90 million in 2000 compared to 1999 and approximately $65 million in 2001 compared to 2000.

The Corporation retains selected property and casualty risks, primarily related to workers compensation and certain product liability. Accrued liabilities for incurred but not reported events related to these retained risks are calculated based upon loss development factors provided to the Corporation by its external insurance brokers. The Corporation's total cost for property and casualty risks has in recent years been relatively stable and this trend is expected to continue.

As of December 31, 2001, the Corporation has recorded deferred tax assets related to income tax loss carryforwards and income tax credits totaling $367.6 million and has established valuation allowances against these deferred tax assets of $177.2 million, thereby resulting in a net deferred tax asset of $190.4 million. As of December 31, 2000, the net deferred tax asset was $142.8 million. These income tax losses and credits are in non U.S. taxing jurisdictions and in certain states within the U.S. In determining the valuation allowances to establish against these deferred tax assets, the Corporation considers many factors, including the specific taxing jurisdiction, the carryforward period, income tax strategies and forecasted earnings for the entities in each jurisdiction. A valuation allowance is recognized if, based on the weight of available evidence, the Corporation concludes that it is more likely than not that some portion or all of the deferred tax asset will not be realized.

CONTINGENCIES AND LEGAL MATTERS

LITIGATION

The following is a brief description of certain legal and administrative proceedings to which the Corporation or its subsidiaries is a party or to which the Corporation's or its subsidiaries' properties are subject. In management's opinion, none of the legal and administrative proceedings described below, individually or in the aggregate, is expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

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

In 1999, prior to the acquisition of Safeskin by the Corporation, numerous lawsuits (collectively the "Securities Actions") were filed in the U.S. District Court for the Southern District of California against Safeskin and certain of its officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Securities Actions were brought by plaintiffs in their individual capacity and on behalf of a purported class of persons who purchased or otherwise acquired Safeskin publicly traded securities during various periods occurring prior to the Corporation's acquisition of Safeskin. The suits allege that plaintiffs purchased Safeskin securities at prices artificially inflated by defendants' misrepresentations and omissions concerning Safeskin's financial condition and prospects and seek an unspecified amount of damages. Defendants' motion to dismiss was denied. A plaintiffs' class has been certified consisting of those who purchased Safeskin common stock and options during the period of February 18, 1998 through March 11, 1999. Discovery is continuing and the Corporation continues to contest liability in this matter.

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

On April 14, 2000, a complaint was filed against the Corporation and others in the State of Maine Superior Court. Eighteen plaintiffs seek compensation for injuries allegedly caused by exposure to substances emitted by the defendants' mills, including two mills formerly owned by the Corporation, and from the Central Maine Disposal Landfill in Fairfield, Maine. The Corporation is contesting the claims asserted by the plaintiffs.

~~Since 1998, the Corporation has been involved in a series of complex legal disputes between the Corporation and Mobile Energy Services Company, L.L.C. and related parties ("MESC"). These disputes arose from the closure of the Corporation's Mobile pulp mill. MESC owns a cogeneration complex that provides energy services to the Corporation's Mobile mill.~~

~~In 1998, the Corporation decided to close its Mobile pulp mill and gave notice to MESC of its intent to terminate a long term energy services agreement. In January 1999, MESC filed for Chapter 11 bankruptcy protection and brought an adversary proceeding in the United States Bankruptcy Court against the Corporation claiming unspecified damages arising from the mill closure and termination of the energy services agreement.~~

~~In March 2001, an arbitration ruling was issued. In that ruling, the arbitrator rejected MESC's claims related to the pulp mill closure finding that the Corporation had affected a proper pulp mill closure. However, the arbitrator also ruled that the operation of certain assets by the Corporation after the pulp mill closure permitted MESC to reinstate the pulp mill energy services agreement. This reinstatement became subject to binding arbitration brought by MESC in April 2001. A ruling issued in this arbitration on January 31, 2002 resulted in the Corporation recording a pre tax charge of approximately $27 million in its 2001 earnings.~~

~~In addition, MESC submitted binding arbitration claims for reimbursement by the Corporation of certain capital and energy costs incurred by MESC. A ruling issued in this arbitration on January 21, 2002 resulted in the Corporation recording a pre tax charge of approximately $17 million in its 2001 earnings.~~

~~Of the numerous allegations made against the Corporation in the 1999 adversary proceeding, only fraudulent transfer claims remain pending before the Bankruptcy Court. In addition, MESC subsequently filed three additional adversary proceedings against the Corporation. The Corporation continues to contest vigorously MESC's various claims in Bankruptcy Court.~~

~~As of December 31, 2001, the Corporation, along with approximately 80 other non affiliated companies, was a party to approximately 142 lawsuits in Florida, Georgia, Mississippi, Texas, Pennsylvania, Missouri, Illinois and California state courts with allegations of personal injury resulting from asbestos exposure on the defendants' premises and allegations that the defendants manufactured, sold, distributed or installed products which cause asbestos related lung disease. No specific product ever manufactured by the Corporation has been identified by the plaintiffs as having caused or contributed to any asbestos related lung disease. The Corporation has denied the allegations and raised numerous defenses in all of these asbestos cases. All asbestos claims have been tendered to the Corporation's insurance carriers for defense and indemnity.~~

~~CONTINGENCY~~

~~One of the Corporation's North American tissue mills has an agreement to provide its local utility company a specified amount of electric power per year for the next 17 years. In the event that the mill was shut down, the Corporation would be required to continue to operate the power generation facility on behalf of its owner, the local utility company. The net present value of the cost to fulfill this agreement as of December 31, 2001 is estimated to be approximately $85 million. However, management considers the probability of closure of this mill to be remote.~~

ENVIRONMENTAL MATTERS

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

NEW PRONOUNCEMENTS

SFAS 141, Business Combinations, and SFAS 142, Goodwill and Other Intangible Assets, were issued in June 2001. SFAS 141 was effective July 1, 2001 and SFAS 142 is effective beginning January 1, 2002. Under these new standards, goodwill and intangible assets having indefinite lives will no longer be amortized but will be subject to annual impairment tests. Application of nonamortization provisions of SFAS 142 would have increased reported net income by approximately $.18 per share in 2001. During 2002, the Corporation will perform the required impairment tests of goodwill and intangible assets as of January 1, 2002. The Corporation does not expect any write-offs upon implementation of this standard.

SFAS 143, Accounting for Asset Retirement Obligations, was issued in June 2001 and is effective beginning January 1, 2003. SFAS 143 requires that any legal obligation related to the retirement of long-lived assets be quantified and recorded as a liability and an offsetting asset retirement cost on the balance sheet in the period it is incurred if a reasonable estimate of the fair value of the liability can be made.

SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, was issued in August 2001 and is effective beginning January 1, 2002. SFAS 144 provides a single, comprehensive accounting model for impairment and disposal of long-lived assets and discontinued operations.

SFAS 143 and SFAS 144 will be adopted on their effective dates, and adoption is not expected to result in any material effects on the Corporation's financial statements.

In April 2001, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board issued EITF 00-25, Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products. Under EITF 00-25, the cost of promotion activities offered to customers will be classified as a reduction in sales revenue. The Corporation will adopt EITF 00-25, as required, beginning January 1, 2002. This reclassification will reduce net sales by approximately $1 billion, $885 million and $900 million for 2001, 2000 and 1999, respectively. Adoption will not change reported earnings.

Also in April 2001, the EITF delayed implementation of EITF 00-14, Accounting for Certain Sales Incentives, to coincide with the implementation date for EITF 00-25. Under EITF 00-14, the estimated redemption value of consumer coupons must be recorded at the time the coupons are issued and classified as a reduction in sales revenue. The Corporation will adopt EITF 00-14 effective January 1, 2002 and will reclassify the face value of coupons and similar discounts ("Discounts") as a reduction in revenue for all periods presented. Discounts recorded as promotion expense were approximately $205 million, $190 million and $205 million in 2001, 2000 and 1999, respectively. Upon adoption of EITF 00-14, the Corporation will report a cumulative effect of a change in accounting principle resulting from a change in the period for recognizing the face value of coupons, which at December 31, 2001 was an after-tax charge equal to $.02 per share.

~~OUTLOOK~~

~~The Corporation believes that the outlook for improvement in the economies and market conditions in Argentina and Brazil for 2002 remain uncertain; however, the Corporation should benefit from improved market conditions for its business-to-business operations in North America as the economy recovers. Based on its assumptions regarding foreign exchange rates, the Corporation believes that the impact of exchange rates on earnings will be far less onerous in 2002 than in 2001. As a result, sales and operating profit at most of the Corporation's international units should be stronger.~~

~~During 2001, the Corporation introduced a new product, Cottonelle Fresh rollwipes. The product is currently being distributed in the Southeastern U.S. and is generating higher levels of consumer trial, but the Corporation is still in the relatively early stages of gaining in-market experience. The Corporation remains optimistic about the future of rollwipes and will likely make a decision mid-2002 about expanding its availability beyond the Southeastern U.S.~~

~~The Corporation believes it is building competitive advantage to grow its top- and bottom-lines, and it is focused on increasing cash flow to help fund its growth. In 2002, the Corporation expects to drive sales growth with volume gains in the mid-single digits.~~

~~INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS~~

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

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

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

CONSOLIDATED INCOME STATEMENT
Kimberly-Clark Corporation and Subsidiaries

	Year Ended December 31		
(Millions of dollars, except per share amounts)	2001	2000	1999
NET SALES	$14,524.4	$13,982.0	$13,006.8
Cost of products sold	8,615.5	8,228.5	7,681.6
GROSS PROFIT	5,908.9	5,753.5	5,325.2
Advertising, promotion and selling expenses	2,334.4	2,122.7	2,097.8
Research expense	295.3	277.4	249.8
General expense	767.9	742.1	707.4
Goodwill amortization	89.4	81.7	41.8
Other (income) expense, net	83.7	(104.2)	(207.0)
OPERATING PROFIT	2,338.2	2,633.8	2,435.4
Interest income	17.8	24.0	29.4
Interest expense	(191.6)	(221.8)	(213.1)
INCOME BEFORE INCOME TAXES	2,164.4	2,436.0	2,251.7
Provision for income taxes	645.7	758.5	730.2
INCOME BEFORE EQUITY INTERESTS	1,518.7	1,677.5	1,521.5
Share of net income of equity companies	154.4	186.4	189.6
Minority owners' share of subsidiaries' net income	(63.2)	(63.3)	(43.0)
NET INCOME	$ 1,609.9	$ 1,800.6	$1,668.1
NET INCOME PER SHARE			
Basic	$ 3.04	$ 3.34	$ 3.11
Diluted	$ 3.02	$ 3.31	$ 3.09

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars) ASSETS	December 31 2001	2000
CURRENT ASSETS		
Cash and cash equivalents	$ 405.2	$ 206.5
Accounts receivable	1,672.4	1,809.6
Inventories	1,494.1	1,390.4
Deferred income taxes	239.8	287.1
Prepaid expenses and other	110.7	96.3
TOTAL CURRENT ASSETS	3,922.2	3,789.9
PROPERTY		
Land	242.5	239.2
Buildings	1,921.8	1,854.4
Machinery and equipment	10,073.0	9,135.1
Construction in progress	477.4	786.1
	12,714.7	12,014.8
Less accumulated depreciation	5,388.2	5,096.3
NET PROPERTY	7,326.5	6,918.5
INVESTMENTS IN EQUITY COMPANIES	705.3	798.8
GOODWILL, NET OF ACCUMULATED AMORTIZATION	1,950.3	1,977.8
OTHER ASSETS	1,103.3	994.8
	$15,007.6	$14,479.8

See Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31 2001	2000
CURRENT LIABILITIES		
Debt payable within one year	$ 1,236.1	$ 1,490.5
Trade accounts payable	768.9	901.7
Other payables	335.3	274.2
Accrued expenses	1,225.3	1,239.8
Accrued income taxes	456.2	523.5
Dividends payable	146.5	144.2
TOTAL CURRENT LIABILITIES	4,168.3	4,573.9
LONG TERM DEBT	2,424.0	2,000.6
NONCURRENT EMPLOYEE BENEFIT AND OTHER OBLIGATIONS	916.0	869.2
DEFERRED INCOME TAXES	1,004.6	987.5
MINORITY OWNERS' INTERESTS IN SUBSIDIARIES	309.4	281.3
PREFERRED SECURITIES OF SUBSIDIARY	538.4	
STOCKHOLDERS' EQUITY		
Preferred stock - no par value - authorized 20.0 million shares, none issued		
Common stock - $1.25 par value - authorized 1.2 billion shares; issued 568.6 million shares at December 31, 2001 and 2000	710.8	710.8
Additional paid in capital	415.6	412.3
Common stock held in treasury, at cost - 47.6 million and 35.2 million shares at December 31, 2001 and 2000, respectively	(2,748.2)	(1,974.1)
Accumulated other comprehensive income (loss)	(1,696.2)	(1,337.6)
Retained earnings	8,999.5	7,982.0
Unearned compensation on restricted stock	(34.6)	(26.1)
TOTAL STOCKHOLDERS' EQUITY	5,646.9	5,767.3
	$ 15,007.6	$14,479.8

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Kimberly Clark Corporation and Subsidiaries

(Millions of dollars, except share amounts)	Common Stock Issued Shares	Common Stock Issued Amount	Additional Paid In Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income(Loss)	Retained Earnings	Unearned Compensation on Restricted Stock	Total Stockholders' Equity	Comprehensive Income
Balance at December 31, 1998	568,596,810	$710.8	$86.3	30,399,403	$(1,454.7)	$(964.3)	$5,653.4	$	$4,031.5	
Shares issued for the exercise of stock options and awards.			(48.2)	(2,189,629)	108.9				60.7	
Stock option income tax benefits.			28.5						28.5	
Shares purchased for treasury.				13,940,653	(779.0)				(779.0)	
Shares issued for the acquisition of Ballard Medical Products.			100.6	(13,758,610)	686.2				786.8	
Stock issued, net of forfeitures, under restricted stock plans, less amortization.			(.8)	(362,000)	18.2			(13.5)	3.9	
Comprehensive income:										
Net income.							1,668.1		1,668.1	$1,668.1
Other comprehensive income (loss):										
Unrealized translation adjustment.						(154.6)			(154.6)	(154.6)
Minimum pension liability adjustment.						4.1			4.1	4.1
Comprehensive income.										$1,517.6
Dividends declared on common shares							(556.9)		(556.9)	
Balance at December 31, 1999	568,596,810	710.8	166.4	27,969,816	(1,420.4)	(1,114.8)	6,764.6	(13.5)	5,093.1	
Shares issued for the exercise of stock options and awards.			(63.7)	(2,900,773)	154.0				90.3	
Stock option income tax benefits.			25.2						25.2	
Shares purchased for treasury.				21,216,618	(1,190.7)				(1,190.7)	
Shares issued for the acquisition of Safeskin Corporation			282.4	(10,695,002)	464.0				746.4	
Stock issued, net of forfeitures, under restricted stock plans, less amortization.			2.0	(357,400)	19.0			(12.6)	8.4	
Comprehensive income:										
Net income.							1,800.6		1,800.6	$1,800.6
Other comprehensive income (loss):										
Unrealized translation adjustment.						(218.8)			(218.8)	(218.8)
Minimum pension liability adjustment.						4.0			4.0	4.0
Comprehensive income.										$1,577.8
Dividends declared on common shares							(583.2)		(583.2)	
Balance at December 31, 2000	568,596,810	710.8	412.3	35,233,259	(1,974.1)	(1,337.6)	7,982.0	(26.1)	5,767.3	

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)
Kimberly Clark Corporation and Subsidiaries

(Millions of dollars, except share amounts)	Common Stock Issued Shares	Common Stock Issued Amount	Additional Paid In Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income(Loss)	Retained Earnings	Unearned Compensation on Restricted Stock	Total Stockholders' Equity	Comprehensive Income
Balance at December 31, 2000	568,596,810	710.8	412.3	35,233,259	(1,974.1)	(1,337.6)	7,982.0	$(26.1)	5,767.3	
Shares issued for the exercise of stock options and awards.			(17.5)	(2,432,855)	119.0				101.5	
Stock option income tax benefits.			17.7						17.7	
Shares purchased for treasury.				15,140,802	(909.7)				(909.7)	
Stock issued, net of forfeitures, under restricted stock plans, less amortization.			3.1	(354,558)	16.6			(8.5)	11.2	
Comprehensive income:										
Net income.	-	-	-	-	-	-	1,609.9	-	1,609.9	$1,609.9
Other comprehensive income (loss):										
Unrealized translation adjustment.						(256.7)			(256.7)	(256.7)
Minimum pension liability adjustment.	-	-	-	-	-	(102.1)	-	-	(102.1)	(102.1)
Deferred loses on cash flow hedges. . . .						(.1)			(.1)	(.1)
Unrealized holding gains on securities						.3			.3	.3
Comprehensive income.										$1,251.3
Dividends declared on common shares							(592.4)		(592.4)	
Balance at December 31, 2001	568,596,810	$710.8	$415.6	47,586,648	$(2,748.2)	$(1,696.2)	$8,995.5	$(34.6)	$5,646.9	

See Notes to Consolidated Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars)	Year Ended December 31 2001	2000	1999
OPERATIONS			
Net income	$1,609.9	$ 1,800.6	$ 1,668.1
Depreciation	650.2	591.7	586.2
Goodwill amortization	89.4	81.7	41.8
Deferred income tax provision	39.7	84.1	126.2
Net losses (gains) on asset dispositions	102.0	19.3	(143.9)
Equity companies' earnings in excess of dividends paid	(39.1)	(67.0)	(78.7)
Minority owners' share of subsidiaries' net income	63.2	63.3	43.0
Increase in operating working capital	(232.6)	(338.3)	(61.5)
Postretirement benefits	(54.7)	(121.9)	(43.1)
Other	25.8	19.7	1.8
CASH PROVIDED BY OPERATIONS	2,253.8	2,133.2	2,139.9
INVESTING			
Capital spending	(1,099.5)	(1,170.3)	(786.4)
Acquisitions of businesses, net of cash acquired	(135.0)	(294.5)	(271.9)
Proceeds from dispositions of property and businesses	34.4	44.5	115.2
Purchases of available for sale securities	(19.7)		
Proceeds from equity investments	33.1	53.1	-
Proceeds from notes receivable		220.0	383.0
Other	(64.4)	(37.7)	(22.3)
CASH USED FOR INVESTING	(1,251.1)	(1,184.9)	(582.4)
FINANCING			
Cash dividends paid	(590.1)	(580.1)	(551.3)
Net (decrease) increase in short-term debt	(114.5)	700.7	(163.8)
Increases in long-term debt	475.9	359.4	117.7
Decreases in long-term debt	(275.1)	(446.7)	(75.9)
Issuance of preferred securities of subsidiary	516.5		
Proceeds from exercise of stock options	101.5	90.3	60.8
Acquisitions of common stock for the treasury	(891.5)	(1,190.7)	(779.0)
Other	(26.7)	2.5	12.8
CASH USED FOR FINANCING	(804.0)	(1,064.6)	(1,378.7)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 198.7	$ (116.3)	$ 178.8

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Kimberly-Clark Corporation and Subsidiaries

NOTE 1. ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Kimberly-Clark Corporation and all subsidiaries that are more than 50 percent owned and controlled (the "Corporation"). Investments in nonconsolidated companies that are at least 20 percent owned are stated at cost plus equity in undistributed net income. These latter companies are referred to as equity companies. All significant intercompany transactions and accounts are eliminated in consolidation. Certain reclassifications have been made to conform prior year data to the current year presentation.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Differences from those estimates are recorded in the appropriate period. Estimates are used in accounting for, among other items, consumer and trade promotion and rebate accruals, employee benefits, workers compensation claims and certain product liability risks, excess and obsolete inventory, allowances for doubtful accounts, deferred tax assets and contingencies.

INVENTORIES AND DISTRIBUTION COSTS

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

AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities carried at market value and included in other assets were approximately $20 million at December 31, 2001. This balance was held by the Corporation's consolidated foreign financing subsidiary formed in February 2001 as described in Note 9. These securities consist of debt securities issued by non-U.S. governments and unaffiliated corporations with maturity dates of two years or less. Unrealized holding gains or losses on these securities are recorded in other comprehensive income until realized. No gains or losses were realized during 2001.

PROPERTY AND DEPRECIATION

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

NOTE 1. (Continued)

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

GOODWILL

Under current accounting requirements, goodwill acquired prior to July 1, 2001 is amortized on the straight line method over periods ranging from 10 years to 40 years. Accumulated amortization of goodwill at December 31, 2001 and 2000 was $308.1 million and $231.4 million, respectively. The realizability and period of benefit of goodwill are evaluated periodically when events or circumstances indicate that nonrecoverability of goodwill is possible. If it becomes probable that the future undiscounted cash flow associated with such goodwill is less than its carrying value, an impairment loss would be recognized. These recoverability evaluations are subjective and require management assessments and judgments. Historically, acquired businesses generally have generated sufficient cash flows to recover the cost of goodwill.

REVENUE RECOGNITION

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

ADVERTISING EXPENSE

Advertising costs are expensed in the year the related advertisement is first presented by the media. Advertising expenses charged to income totaled $385.2 million in 2001, $349.3 million in 2000 and $336.5 million in 1999. For interim reporting purposes, advertising expenses are charged to operations as a percentage of sales based on estimated sales and related advertising expense for the full year.

ENVIRONMENTAL EXPENDITURES

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

STOCK BASED COMPENSATION

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

NOTE 1. (Continued)

ACCOUNTING STANDARDS CHANGES AND NEW PRONOUNCEMENTS

On January 1, 2001, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") 133, Accounting for Derivative Instruments and Hedging Activities. See Note 6 for further discussion.

SFAS 141, Business Combinations, and SFAS 142, Goodwill and Other Intangible Assets, were issued in June 2001. SFAS 141 was effective July 1, 2001 and SFAS 142 is effective beginning January 1, 2002. Under these new standards, goodwill and intangible assets having indefinite lives will no longer be amortized but will be subject to annual impairment tests. Application of nonamortization provisions of SFAS 142 would have increased reported net income by approximately $.18 per share in 2001. During 2002, the Corporation will perform the required impairment tests of goodwill and intangible assets as of January 1, 2002. The Corporation does not expect any write-offs upon implementation of this standard.

SFAS 143, Accounting for Asset Retirement Obligations, was issued in June 2001 and is effective beginning January 1, 2003. SFAS 143 requires that any legal obligation related to the retirement of long-lived assets be quantified and recorded as a liability and an offsetting asset retirement cost on the balance sheet in the period it is incurred if a reasonable estimate of the fair value of the liability can be made.

SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, was issued in August 2001 and is effective beginning January 1, 2002. SFAS 144 provides a single, comprehensive accounting model for impairment and disposal of long-lived assets and discontinued operations.

SFAS 143 and SFAS 144 will be adopted on their effective dates, and adoption is not expected to result in any material effects on the Corporation's financial statements.

In April 2001, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board issued EITF 00-25, Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products. Under EITF 00-25, the cost of promotion activities offered to customers will be classified as a reduction in sales revenue. The Corporation will adopt EITF 00-25, as required, beginning January 1, 2002. This reclassification will reduce net sales by approximately $1 billion, $885 million and $900 million for 2001, 2000 and 1999, respectively. Adoption will not change reported earnings.

Also in April 2001, the EITF delayed implementation of EITF 00-14, Accounting for Certain Sales Incentives, to coincide with the implementation date for EITF 00-25. Under EITF 00-14, the estimated redemption value of consumer coupons must be recorded at the time the coupons are issued and classified as a reduction in sales revenue. The Corporation will adopt EITF 00-14 effective January 1, 2002 and will reclassify the face value of coupons and similar discounts ("Discounts") as a reduction in revenue for all periods presented. Discounts recorded as promotion expense were approximately $205 million, $190 million and $205 million in 2001, 2000 and 1999, respectively. Upon adoption of EITF 00-14, the Corporation will report a cumulative effect of a change in accounting principle resulting from a change in the period for recognizing the face value of coupons, which at December 31, 2001 was an after-tax charge equal to $.02 per share.

NOTE 2. INCOME TAXES

An analysis of the provision for income taxes follows:

(Millions of dollars)	Year Ended December 31 2001	2000	1999
Current income taxes:			
United States.	$363.9	$407.3	$386.9
State.	52.5	36.5	69.8
Other countries.	189.6	230.6	147.3
Total.	606.0	674.4	604.0
Deferred income taxes:			
United States.	115.4	91.3	139.2
State.	(17.9)	14.0	(18.7)
Other countries.	(57.8)	(21.2)	5.7
Total.	39.7	84.1	126.2
Total provision for income taxes	$645.7	$758.5	$730.2

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

(Millions of dollars)	Year Ended December 31 2001	2000	1999
United States.	$1,741.8	$1,787.5	$1,782.7
Other countries.	422.6	648.5	469.0
	$2,164.4	$2,436.0	$2,251.7

NOTE 2. (Continued)

Deferred income tax assets (liabilities) are composed of the following:

(Millions of dollars)	December 31 2001	2000
Current deferred income tax asset attributable to:		
Advertising and promotion accruals	$ 8.7	$ 20.8
Pension, postretirement and other employee benefits	112.7	130.4
Other accrued expenses	92.5	100.0
Inventory	18.0	24.8
Other	8.0	14.7
Valuation allowances	(.1)	(3.6)
Net current deferred income tax asset	$ 239.8	$ 287.1
Noncurrent deferred income tax asset attributable to:		
Accumulated depreciation	$ (42.7)	$ (16.7)
Income tax loss carryforwards	299.9	222.3
Foreign tax credits	51.4	30.0
Other	29.6	22.1
Valuation allowances	(177.1)	(155.2)
Net noncurrent deferred income tax asset included in other assets	$ 161.1	$ 102.5
Noncurrent deferred income tax liability attributable to:		
Accumulated depreciation	$ (995.2)	$(950.1)
Income tax loss carryforwards	14.1	40.7
Pension and other postretirement benefits	207.1	157.9
Installment sales	(254.1)	(254.1)
Other	23.5	18.1
Net noncurrent deferred income tax liability	$(1,004.6)	$(987.5)

Valuation allowances for deferred income tax assets increased $18.4 million in 2001 and decreased $120.2 million in 2000. Valuation allowances at the end of 2001 primarily relate to the potentially unusable portion of income tax loss carryforwards of $869 million in jurisdictions primarily outside the United States. If not utilized against taxable income, $426 million of the loss carryforwards will expire from 2001 through 2020. The remaining $443 million has no expiration date.

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

NOTE 2. (Continued)

Presented below is a reconciliation of the income tax provision computed at the U.S. federal statutory tax rate to the provision for income taxes.

	Year Ended December 31					
	2001		2000		1999	
(Millions of dollars)	AMOUNT	PERCENT	Amount	Percent	Amount	Percent
Income before income taxes:						
As reported.	$2,164.4		$2,436.0		$2,251.7	
Charges (credits) for unusual items.	212.9		(1.1)		(97.3)	
Income before income taxes and unusual items.	$2,377.3		2,434.9		$2,154.4	
Tax at U.S. statutory rate(a).	$ 832.0	35.0%	$ 852.2	35.0%	$754.0	35.0%
State income taxes, net of federal tax benefit.	26.6	1.1	32.5	1.3	29.7	1.4
Net operating losses realized.	(32.6)	(1.4)	(71.4)	(2.9)	(12.7)	(.6)
Other - net.	(106.3)	(4.4)	(58.1)	(2.4)	(79.4)	(3.7)
	719.7	30.3%	755.2	31.0%	691.6	32.1%
Tax effects of unusual items	(74.0)	34.8%	3.3	-	38.6	39.7%
Provision for income taxes	$ 645.7	29.8%	$ 758.5	31.1%	$ 730.2	32.4%

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

At December 31, 2001, income taxes have not been provided on approximately $2.7 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings, which are considered to be invested indefinitely, would become subject to income tax if they were remitted as dividends, were lent to the Corporation or a U.S. affiliate, or if the Corporation were to sell its stock in the subsidiaries. Determination of the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings is not practicable. Withholding taxes of approximately $235 million would be payable upon remittance of all previously unremitted earnings at December 31, 2001.

~~NOTE 3. POSTRETIREMENT AND OTHER BENEFITS~~

~~PENSION PLANS~~

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

~~In accordance with SFAS 87, Employers' Accounting for Pensions, the Corporation has recorded a minimum pension liability for underfunded plans of $181.2 million at December 31, 2001, representing the excess of the unfunded accumulated benefit obligation ("ABO") over previously recorded pension cost liabilities. The minimum pension liability is included in noncurrent employee benefit and other obligations on the balance sheet. An offsetting charge of $12.9 million is included as an intangible asset, to the extent of unrecognized prior service cost, and the balance of $168.3 million is included in accumulated other comprehensive income, which is part of stockholders' equity. The principal cause of the accrual for an additional minimum pension liability in 2001 was the decline in the value of equity securities held by the United Kingdom pension trusts.~~

~~OTHER POSTRETIREMENT BENEFIT PLANS~~

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

NOTE 3. (Continued)

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

(Millions of dollars)	Pension Benefits 2001	Pension Benefits 2000	Other Benefits 2001	Other Benefits 2000
	Year Ended December 31			
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	$3,847.1	$3,648.5	$ 661.9	$ 626.9
Service cost	65.4	63.4	12.0	10.9
Interest cost	266.8	263.6	48.2	48.3
Participants' contributions	7.4	8.5	5.3	5.2
Amendments	.2	4.5		
Actuarial loss	86.4	181.3	41.8	41.0
Acquisitions	37.3	6.6	-	-
Curtailments	(1.4)			
Special termination benefits	9.0	1.1		
Currency exchange rate effects	(37.4)	(68.9)	(1.8)	(.9)
Benefit payments	(266.2)	(261.5)	(70.9)	(69.5)
Benefit obligation at end of year	4,014.6	3,847.1	696.5	661.9
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	4,086.5	4,426.2	-	-
Actual loss on plan assets	(130.0)	(47.5)		
Acquisitions	36.0	2.7		
Employer contributions	16.4	19.3	65.6	64.3
Participants' contributions	7.4	8.5	5.3	5.2
Currency exchange rate effects	(34.6)	(67.7)		
Benefit payments	(260.2)	(255.0)	(70.9)	(69.5)
Fair value of plan assets at end of year	3,721.5	4,086.5		
FUNDED STATUS				
(Deficiency) excess of plan assets over benefit obligation	(293.1)	239.4	(696.5)	(661.9)
Unrecognized net actuarial loss (gain)	544.5	(37.0)	(.6)	(46.2)
Unrecognized transition amount	(1.0)	(5.4)		
Unrecognized prior service cost	53.8	62.5	(11.3)	(13.4)
Net amount recognized	$ 304.2	$ 259.5	$(708.4)	$(721.5)
AMOUNTS RECOGNIZED IN THE BALANCE SHEET CONSIST OF:				
Prepaid benefit cost	$ 309.4	$ 364.1	$	$
Accrued benefit cost	(186.4)	(131.9)	(708.4)	(721.5)
Intangible asset	12.9	4.6		
Accumulated other comprehensive income	168.3	22.7		
Net amount recognized	$ 304.2	$ 259.5	$(708.4)	$(721.5)

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

NOTE 3. (Continued)

Summary disaggregated information about these pension plans follows:

	Assets Exceed ABO		ABO Exceeds Assets	
	December 31			
(Millions of dollars)	2001	2000	2001	2000
Projected benefit obligation.	$3,173.0	$3,650.0	$841.6	$197.1
ABO	2,906.3	3,364.6	790.6	167.6
Fair value of plan assets	3,114.2	4,037.5	607.3	49.0

	Pension Benefits		Other Benefits	
	December 31			
	2001	2000	2001	2000
WEIGHTED AVERAGE ASSUMPTIONS				
Discount rate	7.0%	7.2%	7.2%	7.5%
Expected return on plan assets. . .	9.2%	9.3%		
Rate of compensation increase . . .	3.9%	4.1%	-	
Health care cost trend rate(a). . .			10.0%	6.9%

(a) Assumed to decrease to 9.3% in 2003 and to zero by 2004 and thereafter.

	Pension Benefits			Other Benefits		
	Year Ended December 31					
(Millions of dollars)	2001	2000	1999	2001	2000	1999
COMPONENTS OF NET PERIODIC BENEFIT COST						
Service cost.	$ 65.4	$ 63.4	$ 73.3	$12.0	$10.9	$12.5
Interest cost	266.8	263.6	251.1	48.2	48.3	45.2
Expected return on plan assets(a) .	(368.1)	(397.6)	(352.8)			
Amortization of prior service cost.	8.6	9.1	9.5	(2.1)	(2.1)	(2.1)
Amortization of transition amount .	(4.4)	(4.4)	(4.6)			
Recognized net actuarial loss (gain).	4.5	(20.2)	4.8	(3.8)	(4.3)	(4.4)
Curtailments.	(1.4)		18.0			(4.1)
Other	9.0	1.0	6.1	(.1)		
Net periodic benefit cost (credit).	$ (19.6)	$ (85.1)	$ 5.4	$54.2	$52.8	$47.1

(a) The expected return on plan assets is determined by multiplying the fair value of the plan assets at the prior year end (adjusted for estimated current year cash benefit payments and contributions) by the long term expected rate of return.

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

	One Percentage Point	
(Millions of dollars)	Increase	Decrease
Effect on total of service and interest cost components. .	$ 4.7	$ 3.6
Effect on postretirement benefit obligation.	41.9	34.5

~~NOTE 3. (Continued)~~

~~DEFINED CONTRIBUTION RETIREMENT PLANS~~

~~The Corporation's contributions to the defined contribution retirement plans are based on the age and compensation of covered employees. The Corporation's contributions, all of which were charged to expense, were $37.3 million, $29.8 million and $26.1 million in 2001, 2000 and 1999, respectively.~~

~~INVESTMENT PLANS~~

~~Voluntary contribution investment plans are provided to substantially all North American employees. Under the plans, the Corporation matches a portion of employee contributions. Costs charged to expense under the plans were $27.5 million, $22.6 million and $25.1 million in 2001, 2000 and 1999, respectively.~~

NOTE 4. EARNINGS PER SHARE

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

(Millions)	Average Common Shares Outstanding 2001	2000	1999
Basic	529.6	539.5	536.3
Dilutive effect of stock options	3.4	3.9	3.1
Dilutive effect of deferred compensation plan shares	.2	.1	.1
Dilutive effect of shares issued for participation share awards		.3	.6
Diluted	533.2	543.8	540.1

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

Description	2001	2000	1999
Average number of share equivalents (millions)	5.1	.5	.1
Weighted-average exercise price(a)	$71.36	$157.27	$58.10
Expiration date of options	2006 to 2011	2001 to 2010	2009
Options outstanding at year end	5.8	.5	.1

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

The number of common shares outstanding as of December 31, 2001, 2000 and 1999 was 521.0 million, 533.4 million and 540.6 million, respectively.

NOTE 5. DEBT

Long term debt is composed of the following:

	Weighted Average Interest Rate	Maturities	December 31 2001	December 31 2000
Commercial paper to be refinanced			$ 400.0	$
Notes and debentures.	7.1%	2002 2028	1,469.8	1,652.8
Industrial development revenue bonds.	4.7%	2002 2034	413.4	414.1
Bank loans and other financings in various currencies . .	8.6%	2002 2025	278.5	211.2
Total long term debt.			2,561.7	2,278.1
Less current portion.			137.7	277.5
Long term portion			$2,424.0	$2,000.6

At December 31, 2001, $400 million of short-term commercial paper was classified as long-term debt because on February 8, 2002, the Corporation issued $400 million of 5 5/8% Notes due February 15, 2012 and used the proceeds to retire commercial paper.

Fair value of total long term debt was $2,639.5 million and $2,295.9 million at December 31, 2001 and 2000, respectively. Scheduled maturities of long term debt for the next five years are $71.8 million in 2003, $116.7 million in 2004, $60.3 million in 2005 and $6.1 million in 2006.

At December 31, 2001, the Corporation had $1.475 billion of syndicated revolving credit facilities. These facilities, unused at December 31, 2001, 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, $737.5 million expires in October 2002 and the balance expires in November 2006.

Debt payable within one year:

(Millions of dollars)	December 31 2001	December 31 2000
Commercial paper	$ 961.3	$1,046.3
Current portion of long term debt.	137.7	277.5
Other short term debt.	137.1	166.7
Total.	$1,236.1	$1,490.5

At December 31, 2001 and 2000, the weighted average interest rate for commercial paper was 1.9 percent and 6.5 percent, respectively.

NOTE 6. RISK MANAGEMENT

As a multinational enterprise, the Corporation is exposed to changes in foreign currency exchange rates, interest rates and commodity prices. A variety of practices are employed to manage these market risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. Derivative instruments are used only for risk management purposes and not for speculation or trading. All derivative instruments are either exchange traded or are entered into with major financial institutions. The Corporation's credit exposure under these arrangements is limited to the fair value of the agreements with a positive fair value at the reporting date. Additionally, credit risk with respect to the counterparties is considered minimal in view of the financial strength of the counterparties.

Effective January 1, 2001, the Corporation adopted SFAS 133 as amended. This accounting standard requires that all derivative instruments be recognized as assets or liabilities on the balance sheet at fair value. Changes in the fair value of derivatives are either recorded in income or other comprehensive income, which is part of stockholders' equity, depending on whether the derivative has been designated and qualifies as part of a hedging relationship. The gain or loss on derivatives designated as fair value hedges and the offsetting loss or gain on the hedged item attributable to the hedged risk are included in current income in the period that changes in fair value occur. The gain or loss on derivatives designated as cash flow hedges is included in other comprehensive income in the period that changes in fair value occur and is reclassified to income in the same period that the hedged item affects income. The gain or loss on derivatives that have not been designated as hedging instruments is included in current income in the period that changes in fair value occur.

Upon adoption of SFAS 133, the Corporation recognized a pretax loss of \$.5 million in other (income) expense, net as a cumulative effect of a change in accounting. It also recorded an after tax gain of \$1.5 million in other comprehensive income on cash flow hedges of forecasted purchases of pulp, which was recognized in income in 2001.

Prior to adoption of SFAS 133, and in accordance with generally accepted accounting principles in effect at that time, gains and losses on instruments that hedged firm commitments were deferred and included in the basis of the underlying hedged items. Premiums paid for options were amortized ratably over the life of the option. Contracts used to hedge recorded foreign currency transactions generally matured within one year and were 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 forward contracts outstanding at December 31, 2000:

	2000		
(Millions of dollars)	NOTIONAL PRINCIPAL AMOUNTS	CARRYING VALUES	FAIR VALUES
Forward contracts			
Assets	$ 333.5	$ 12.1	$ 7.3
Liabilities	664.3	(20.2)	(13.9)

Foreign Currency Risk Management

Foreign currency risk is managed by the use of foreign currency forward and swap contracts. The use of these contracts allows management of transactional exposure to exchange rate fluctuations because the gains or losses incurred on the derivative instruments will offset, in whole or in part, losses or gains

NOTE 6. (Continued)

on the underlying foreign currency exposure. Management of foreign currency transactional exposures was not changed during 2001, and management does not foresee or expect any significant change in such exposures or in the strategies it employs to manage them in the near future.

Translation Risk Management

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

The income statements and balance sheets of operations in hyperinflationary economies are translated into U.S. dollars using both current and historical rates of exchange. For balance sheet accounts translated at current exchange rates, such as cash and accounts receivable, the differences from historical exchange rates are reflected in income. Operations that are deemed to be hyperinflationary are as follows: Ecuador (prior to 2000), Russia, Turkey and Venezuela.

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

Interest Rate Risk Management

Interest rate risk is managed through the maintenance of a portfolio of variable- and fixed-rate debt composed of short- and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. The strategy employed to manage exposure to interest rate fluctuations did not change significantly during 2001 and management does not foresee or expect any significant changes in its exposure to interest rate fluctuations or in how such exposure is managed in the near future.

The Corporation has entered into interest rate swap agreements that effectively convert a portion of its floating-rate debt to a fixed-rate basis for the next year, thus reducing the impact of interest rate changes on future interest expense. Approximately $56 million of the Corporation's outstanding current portion of long-term debt was designated as the hedged items to interest rate swap agreements at December 31, 2001.

Commodity Price Risk Management

The Corporation is subject to commodity price risk, the most significant of which relates to the price of pulp. Selling prices of tissue products are influenced, in part, by the market price for pulp, which is determined by industry supply and demand. On a worldwide basis, the Corporation supplies approximately 40 percent of its virgin fiber needs from internal pulp manufacturing operations. Management still intends to reduce its level of pulp integration, when market conditions permit, to approximately 20 percent, and such a reduction in pulp integration, if accomplished, could increase the Corporation's commodity price risk. Specifically, increases in pulp prices could adversely affect earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in pulp prices.

In addition, the Corporation is subject to price risk for the price of natural gas, which is used in its manufacturing operations. Derivative instruments are used to hedge this risk when it is deemed prudent to do so by management.

NOTE 6. (Continued)

EFFECT OF DERIVATIVE INSTRUMENTS ON RESULTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

Fair Value Hedges

During the year ended December 31, 2001, the fair value hedges were perfectly effective and consequently they resulted in no net income effect. In addition, during the year, all of the Corporation's firm commitments continued to qualify for fair value hedging.

Cash Flow Hedges

During the year ended December 31, 2001, the Corporation's cash flow hedges were perfectly effective and consequently they resulted in no net income effect. No cash flow hedges were discontinued during the year.

At December 31, 2001, the Corporation expected to reclassify $.3 million of losses from accumulated other comprehensive income to earnings during the next twelve months. The maximum maturity of cash flow derivatives in place at December 31, 2001 is December 2002.

Other

The Corporation entered into forward contracts to purchase Australian dollars needed to complete the anticipated acquisition of the remaining 45 percent ownership interest in Kimberly-Clark Australia ("KCA") for A$697.5 million (approximately $355 million). The longest of these contracts matures in August 2003. These forward contracts do not qualify for hedge accounting under SFAS 133 and are marked to market each period with the resulting gains or losses included in current earnings. For the year ended December 31, 2001, net losses on these contracts of approximately $6.9 million were recorded in other (income) expense, net.

The net gain on all other derivative instruments not designated as hedges was $21.0 million in 2001 and has been included in operating profit on the income statement.

NOTE 7. STOCK COMPENSATION PLANS

Kimberly Clark Equity Participation Plans ("Plans") provide for awards of participation shares and stock options to key employees of the Corporation and its subsidiaries. Upon maturity, participation share awards are paid in cash based on the increase in the book value as defined by the Plans of the Corporation's common stock during the award period. Participants do not receive dividends on the participation shares, but their accounts are credited with dividend shares payable in cash at the maturity of the award. Neither participation nor dividend shares are shares of common stock. In conjunction with the restricted stock plan discussed later in this note, no additional participation shares will be awarded after 1998.

Data concerning participation and dividend shares follow:

(Thousands of shares)	2001	2000	1999
Outstanding Beginning of year	6,608	10,229	10,049
Dividend shares credited net	377	602	808
Matured	(2,356)	(4,015)	(483)
Forfeited	(154)	(208)	(145)
Outstanding End of year	4,475	6,608	10,229

Amounts expensed related to participation shares were $15.0 million, $44.5 million and $34.9 million in 2001, 2000 and 1999, respectively.

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

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

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

NOTE 7. (Continued)

Data concerning stock option activity follows:

(Options in thousands)	2001 OPTIONS	2001 WEIGHTED AVERAGE EXERCISE PRICE	2000 Options	2000 Weighted Average Exercise Price	1999 Options	1999 Weighted Average Exercise Price
Outstanding - Beginning of year.	23,941	$ 49.67	20,167	$44.08	17,132	$41.04
Granted	5,867	69.71	5,799	52.95	5,271	48.46
Exercised	(2,428)	41.75	(2,876)	30.88	(2,154)	27.24
Canceled or expired	(715)	126.87	(554)	67.96	(545)	51.46
Converted Safeskin and Ballard stock options	-	-	1,405	85.22	463	36.13
Outstanding - End of year(a). . . .	26,665	52.73	23,941	49.67	20,167	44.08
	======		======		======	
Exercisable - End of year	15,237	46.80	11,330	46.95	9,588	36.59
	======		======		======	

(a) Data concerning stock options at December 31, 2001 follows (options in thousands):

		Options Outstanding			Options Exercisable	
Excercise Price Range		Options	Weighted Average Exercise Price	Remaining Contractual Life (Years)	Options	Weighted Average Price
12.36	37.74. . . .	2,088	$ 25.06	2.4	2,088	$ 25.06
39.94	50.41. . . .	8,874	46.89	5.7	6,982	46.51
51.82 -	60.08. . . .	9,908	53.61	6.4	6,072	54.01
61.35	71.74. . . .	5,745	69.70	9.1	66	68.38
86.28	188.53. . . .	50	121.14	6.4	29	120.72
		26,665	52.73	6.4	15,237	46.80
		======			======	

At December 31, 2001, the number of additional shares of common stock of the Corporation available for awards under the 2001 Plan was 29.5 million shares, including both stock option and restricted share awards.

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

(Millions of dollars, except per share amounts)	2001	2000	1999
Net income.	$76.1	$53.3	$41.2
Basic and diluted net income per share.	.14	.10	.08

NOTE 7. (Continued)

The weighted average fair value of the individual options granted during 2001, 2000 and 1999 is estimated as $19.87, $16.24 and $11.77, respectively, on the date of grant. The fair values were determined using a Black Scholes option pricing model with the following assumptions:

	2001	2000	1999
Dividend yield.	1.61%	2.04%	2.15%
Volatility.	25.86%	26.20%	21.40%
Risk free interest rate	4.70%	6.50%	5.25%
Expected life	5.8 YEARS	5.8 years	5.8 years

UNEARNED COMPENSATION ON RESTRICTED STOCK AWARDS

The 2001 Equity Participation Plan replaces the Corporation's 1999 Restricted Stock Plan and provides for restricted share awards not to exceed 3.0 million shares. These restricted stock awards vest and become unrestricted shares in three to 10 years from the date of grant. Although plan participants are entitled to cash dividends and may vote such awarded shares, the sale or transfer of such shares is limited during the restricted period. During 2001, .5 million shares were awarded at an average share price of $55.59. During 2000, .5 million shares were awarded at an average share price of $58.18. During 1999, .4 million shares were awarded at an average share price of $48.59. As of December 31, 2001, 2.5 million shares of the Corporation's common stock, under the 2001 plan, remained available for awards.

The market value of the Corporation's common stock determines the value of the restricted stock, and such value is recorded at the date of the award as unearned compensation on restricted stock in a separate component of stockholders' equity. This unearned compensation is amortized to compensation expense over the periods of restriction. During 2001, 2000 and 1999, $13.0 million, $10.8 million and $5.0 million, respectively, was charged to compensation expense under the plan. The tax effect of differences between compensation expense for financial statement and income tax purposes is charged or credited to additional paid in capital.

NOTE 8. COMMITMENTS

LEASES

The future minimum obligations under leases having a noncancelable term in excess of one year as of December 31, 2001, are as follows:

(Millions of dollars)	Operating Leases
Year Ending December 31:	
2002	$ 61.8
2003	52.1
2004	38.9
2005	30.2
2006	19.8
Thereafter	43.4
Future minimum obligations	$246.2

Operating lease obligations have been reduced by approximately $6 million for rental income from noncancelable sublease agreements.

Consolidated rental expense under operating leases was $159.4 million, $145.9 million and $151.4 million in 2001, 2000 and 1999, respectively.

PURCHASE COMMITMENTS

The Corporation has entered into long term contracts for the purchase of raw materials, primarily pulp, and utilities, principally natural gas. The minimum purchase commitments extend beyond 2007. The commitments are approximately $688 million, $564 million and $377 million in 2002, 2003 and 2004, respectively. Total commitments beyond the year 2004 are $191 million.

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

~~NOTE 9. PREFERRED SECURITIES OF SUBSIDIARY~~

~~In February 2001, a newly formed Luxembourg based consolidated financing subsidiary of the Corporation issued 1 million shares of preferred securities (the "Securities") with an aggregate par value of $520 million to a nonaffiliated entity for cash proceeds of $516.5 million. Approximately 97 percent of the subsidiary's funds are invested in long-term, variable rate loans to the Corporation or its consolidated subsidiaries on terms that would be substantially similar to other borrowings by the Corporation or its consolidated subsidiaries. The remaining funds are invested in other financial assets. The Securities pay no dividend but accrue a variable rate of return based on three month LIBOR plus 0.764 percent, which at December 31, 2001 equated to an annual rate of approximately 3.03 percent. The Securities are in substance perpetual and are callable by the subsidiary at par value plus any accrued but unpaid return on the Securities in November 2008 and each 20 year anniversary thereafter. The common equity securities, all of which are owned by the Corporation, are entitled to all of the residual equity after satisfaction of the preferred interests. As of December 31, 2001, the authorized, issued and outstanding 1 million shares of preferred securities had a balance (and a liquidating value) of $538.4 million which is shown as preferred securities of subsidiary on the consolidated balance sheet. The increase in the balance of the Securities during 2001 of $21.9 million is the return on the Securities, which was included in minority owners' share of subsidiaries' net income for 2001 on the Corporation's consolidated income statement.~~

NOTE 10. STOCKHOLDERS' EQUITY

STOCKHOLDERS' EQUITY

At December 31, 2001, unremitted net income of equity companies included in consolidated retained earnings was $774 million.

On June 21, 1988, the board of directors of the Corporation declared a distribution of one preferred share purchase right for each outstanding share of the Corporation's common stock. On June 8, 1995, the board amended the plan governing such rights. The rights are intended to protect the stockholders against abusive takeover tactics.

A right will entitle its holder to purchase one two hundredth of a share of Series A Junior Participating Preferred Stock at an exercise price of $225, but will not become exercisable until 10 days after a person or group acquires or announces a tender offer that would result in the ownership of 20 percent or more of the Corporation's outstanding common shares.

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

The rights may be redeemed at $.005 per right prior to the acquisition by a person or group of 20 percent or more of the common stock. Unless redeemed earlier, the rights expire on June 8, 2005.

OTHER COMPREHENSIVE INCOME (LOSS)

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

	Year Ended December 31								
	2001			2000			1999		
(Millions of dollars)	PRETAX AMOUNT	TAX EXP. (CREDIT)	NET AMOUNT	Pretax Amount	Tax Exp. (Credit)	Net Amount	Pretax Amount	Tax Exp. (Credit)	Net Amount
Unrealized translation adjustment.	$(256.7)	$ -	$(256.7)	$(218.8)	$ -	$(218.8)	$(154.6)	$ -	$(154.6)
Minimum pension liability adjustment.	(145.6)	(43.5)	(102.1)	(6.5)	(2.5)	(4.0)	6.6	2.5	4.1
Deferred losses on cash flow hedges	(.1)		(.1)						
Unrealized holding gains on securities.	.3	-	.3	-	-	-	-	-	-
Other comprehensive income (loss)	$(402.1)	$(43.5)	$(358.6)	$(225.3)	$(2.5)	$(222.8)	$(148.0)	$2.5	$(150.5)
	=======	======	=======	=======	=====	=======	=======	====	=======

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

	December 31	
(Millions of dollars)	2001	2000
Unrealized translation adjustment.	$(1,580.2)	$(1,323.5)
Minimum pension liability adjustment	(116.2)	(14.1)
Deferred losses on cash flow hedges.	(.1)	-
Unrealized holding gains on securities	.3	
Accumulated other comprehensive income (loss).	$(1,696.2)	$(1,337.6)
	=========	=========

NOTE 11. ACQUISITIONS AND DISPOSITIONS OF BUSINESSES

ACQUISITIONS

On January 31, 2001, the Corporation acquired Linostar S.p.A., a leading Italian based diaper manufacturer that produces and markets Lines, Italy's second largest diaper brand. The Corporation accounted for this acquisition using the purchase method which resulted in recognizing goodwill and other intangible assets of $28 million.

The Corporation purchased an additional 5 percent ownership interest in KCA for A$77.5 million (approximately $39 million), increasing its ownership interest to 55 percent. This acquisition is part of the Corporation's strategy to expand its three business segments within Australia. The acquisition of the additional 5 percent ownership of KCA resulted in recognizing goodwill of $32 million reflecting the Corporation's expectation of continued growth and profitability of KCA. Effective July 1, 2001, the Corporation began consolidating KCA's net sales and operating results. The Corporation and its joint venture partner, Amcor Limited, also exchanged options for the purchase by the Corporation of the remaining 45 percent ownership interest for A$697.5 million (approximately $355 million) within the next four years.

In February 2000, the Corporation completed the acquisition of Safeskin through the exchange of approximately 10.7 million shares of the Corporation's common stock for all the outstanding shares of Safeskin. The value of the exchange of stock plus related acquisition costs was approximately $750 million. In June 2000, the Corporation completed the acquisition of S-K Corporation ("S-K") in Taiwan. These acquisitions were recorded as purchases and resulted in recognizing goodwill and other intangible assets of $791.1 million.

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

The costs of other acquisitions relating primarily to increased ownership and expansion in Asia and Latin America in 2001, 2000 and 1999 were $78.8 million, $175.5 million and $44.8 million, respectively. The Corporation recognized goodwill on these other acquisitions of consolidated subsidiaries of $38.1 million in 2001, $130.0 million in 2000 and $41.4 million in 1999.

~~NOTE 11. (Continued)~~

~~DISPOSITIONS~~

~~In 1999, the Corporation closed its integrated pulp operation in Mobile, Ala., and sold the associated timberlands. Closure of the pulp mill resulted in the elimination of approximately 450 jobs, and severance costs of $18.0 million. Approximately 460 thousand acres of the timberlands were sold to a non-affiliated buyer, Joshua Timberlands LLC ("Joshua"), for notes receivable having a face value of $397 million (and a fair value of $383 million). Section 453 of the Internal Revenue Code applies to the sale of timberlands and permits election of the installment method for income tax purposes, which the Corporation elected. The transaction also met the criteria for immediate profit recognition under generally accepted accounting principles. The Joshua notes, which were recorded at their fair value of approximately $383 million, bear interest initially at floating rates based on LIBOR less 15 basis points and are backed by irrevocable standby letters of credit issued by a major money center bank, are due September 30, 2009 and are extendable in additional five year increments up to September 30, 2029, at the option of the note holder. Additional acres of such timberland and related equipment were sold to other buyers prior to September 30, 1999 for $66 million in cash. The closure of the pulp mill combined with the sale of the related timberlands resulted in a pretax gain of $153.3 million, which was recorded in other (income) expense, net. The after-tax effect of the transaction was a gain of $95.7 million, or $.18 per share.~~

~~Because the Corporation desired to monetize the $397 million of notes receivable and continue the deferral of current income taxes on the gains, in 1999 the Corporation transferred the Joshua notes to a non-controlled financing entity. The Corporation has minority voting interests in the financing entity and accounts for its minority ownership interests using the equity method of accounting. The transfer of the notes and certain other assets to the financing entity were made at fair value, were accounted for as asset sales and resulted in no gain or loss to the Corporation.~~

~~NOTE 12. CONTINGENCIES AND LEGAL MATTERS~~

~~LITIGATION~~

~~The following is a brief description of certain legal and administrative proceedings to which the Corporation or its subsidiaries is a party or to which the Corporation's or its subsidiaries' properties are subject. In management's opinion, none of the legal and administrative proceedings described below, individually or in the aggregate, is expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.~~

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

~~In 1999, prior to the acquisition of Safeskin by the Corporation, numerous lawsuits (collectively the "Securities Actions") were filed in the U.S. District Court for the Southern District of California against Safeskin and certain of its officers and directors alleging violations of Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Securities Actions were brought by plaintiffs in their individual capacity and on behalf of a purported class of persons who purchased or otherwise acquired Safeskin publicly traded securities during various periods occurring prior to the Corporation's acquisition of Safeskin. The suits allege that plaintiffs purchased Safeskin securities at prices artificially inflated by defendants' misrepresentations and omissions concerning Safeskin's financial condition and prospects and seek an unspecified amount of damages. Defendants' motion to dismiss was denied. A plaintiffs' class has been certified consisting of those who purchased Safeskin common stock and options during the period of February 18, 1998 through March 11, 1999. Discovery is continuing and the Corporation continues to contest liability in this matter.~~

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

~~On April 14, 2000, a complaint was filed against the Corporation and others in the State of Maine Superior Court. Eighteen plaintiffs seek compensation for injuries allegedly caused by exposure to substances emitted by the defendants' mills, including two mills formerly owned by the Corporation, and from the Central Maine Disposal Landfill in Fairfield, Maine. The Corporation is contesting the claims asserted by the plaintiffs.~~

~~Since 1998, the Corporation has been involved in a series of complex legal disputes between the Corporation and Mobile Energy Services Company, L.L.C. and related parties ("MESC"). These disputes arose from the closure of the Corporation's Mobile pulp mill. MESC owns a cogeneration complex that provides energy services to the Corporation's Mobile mill.~~

NOTE 12. (Continued)

In 1998, the Corporation decided to close its Mobile pulp mill and gave notice to MESC of its intent to terminate a long term energy services agreement. In January 1999, MESC filed for Chapter 11 bankruptcy protection and brought an adversary proceeding in the United States Bankruptcy Court against the Corporation claiming unspecified damages arising from the mill closure and termination of the energy services agreement.

In March 2001, an arbitration ruling was issued. In that ruling, the arbitrator rejected MESC's claims related to the pulp mill closure finding that the Corporation had affected a proper pulp mill closure. However, the arbitrator also ruled that the operation of certain assets by the Corporation after the pulp mill closure permitted MESC to reinstate the pulp mill energy services agreement. This reinstatement became subject to binding arbitration brought by MESC in April 2001. A ruling issued in this arbitration on January 31, 2002 resulted in the Corporation recording a pre tax charge of approximately $27 million in its 2001 earnings.

In addition, MESC submitted binding arbitration claims for reimbursement by the Corporation of certain capital and energy costs incurred by MESC. A ruling issued in this arbitration on January 21, 2002 resulted in the Corporation recording a pre tax charge of approximately $17 million in its 2001 earnings.

Of the numerous allegations made against the Corporation in the 1999 adversary proceeding, only fraudulent transfer claims remain pending before the Bankruptcy Court. In addition, MESC subsequently filed three additional adversary proceedings against the Corporation. The Corporation continues to contest vigorously MESC's various claims in Bankruptcy Court.

As of December 31, 2001, the Corporation, along with approximately 80 other non affiliated companies, was a party to approximately 142 lawsuits in Florida, Georgia, Mississippi, Texas, Pennsylvania, Missouri, Illinois and California state courts with allegations of personal injury resulting from asbestos exposure on the defendants' premises and allegations that the defendants manufactured, sold, distributed or installed products which cause asbestos related lung disease. No specific product ever manufactured by the Corporation has been identified by the plaintiffs as having caused or contributed to any asbestos-related lung disease. The Corporation has denied the allegations and raised numerous defenses in all of these asbestos cases. All asbestos claims have been tendered to the Corporation's insurance carriers for defense and indemnity.

CONTINGENCY

One of the Corporation's North American tissue mills has an agreement to provide its local utility company a specified amount of electric power per year for the next 17 years. In the event that the mill was shut down, the Corporation would be required to continue to operate the power generation facility on behalf of its owner, the local utility company. The net present value of the cost to fulfill this agreement as of December 31, 2001 is estimated to be approximately $85 million. However, management considers the probability of closure of this mill to be remote.

ENVIRONMENTAL MATTERS

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

NOTE 13. UNAUDITED QUARTERLY DATA

(Millions of dollars, except per share amounts)	2001				2000			
	FOURTH(A)	THIRD(B)	SECOND(C)	FIRST(D)	Fourth(e)	Third(f)	Second(g)	First(h)
Net sales.	$3,671.8	$3,710.0	$3,534.2	$3,608.4	$3,600.8	$3,529.5	$3,464.5	$3,387.2
Gross profit	1,472.8	1,548.2	1,430.5	1,457.4	1,483.4	1,431.4	1,432.4	1,406.3
Operating profit	487.4	629.1	590.6	631.1	674.7	642.1	638.3	678.7
Net income	341.7	419.4	415.4	433.4	455.7	440.4	434.3	470.2
Per share basis:								
Basic.	.65	.79	.78	.81	.85	.82	.80	.86
Diluted.	.65	.79	.78	.81	.85	.81	.79	.86
Cash dividends declared per share.	.28	.28	.28	.28	.27	.27	.27	.27
Market price per share:								
High	62.22	65.10	68.69	72.19	73.25	61.81	62.94	68.13
Low.	52.06	53.30	55.15	60.50	53.63	49.94	53.00	42.00
Close.	59.80	62.00	55.90	67.83	70.69	55.81	57.56	56.06

(a) Included in the fourth quarter 2001 are the following unusual items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share Basic	Net Income per Share Diluted
North American mill closing and other write offs	$50.1	$ 52.6	$32.6		
Latin American asset plan.	32.3	32.5	19.8		
Business improvement programs.	6.7	6.7	2.7		
Business integration and other costs	1.8	9.7	6.6		
Arbitration settlements.		43.2	26.9		
Total.	$90.9	$144.7	$88.6	$.17	$.17

(b) Included in the third quarter 2001 are the following unusual items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share Basic	Net Income per Share Diluted
Business improvement programs.	$6.3	$ 6.5	$4.3		
Business integration and other costs	.7	5.1	2.6		
Total.	$7.0	$11.6	$6.9	$.02	$.01

(c) Included in the second quarter 2001 are the following unusual items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share Basic	Net Income per Share Diluted
Business improvement programs.	$20.5	$21.1	$13.6		
Business integration and other costs	1.7	7.4	5.7		
Total.	$22.2	$28.5	$19.3	$.04	$.03

NOTE 13. (Continued)

(d) Included in the first quarter 2001 are the following unusual items:

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share Basic	Net Income per Share Diluted
Business improvement programs.	$21.2	$21.2	$13.2		
Business integration and other costs	.4	6.9	4.3		
Total.	$21.6	$28.1	$17.5	$.04	$.03

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

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

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

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

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

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

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

(Millions of dollars, except per share amounts)	Gross Profit	Operating Profit	Net Income	Net Income per Share Basic	Net Income per Share Diluted

Business improvement programs.	$ 6.1	$ 7.5	$ 5.0		
Business integration and other costs	8.2	14.2	9.0		
Patent settlement and accrued liability reversal	-	(75.8)	(46.5)		
Total.	$14.3	$(54.1)	$(32.5)	$(.06)	$(.06)
	=====	======	======	=====	=====

NOTE 14. SUPPLEMENTAL DATA (Millions of dollars)

SUPPLEMENTAL BALANCE SHEET DATA

Summary of Accounts Receivable	December 31 2001	2000
Accounts Receivable:		
From customers	$1,543.9	$1,683.9
Other	198.3	198.8
Less allowance for doubtful accounts and sales discounts	(69.8)	(73.1)
Total	$1,672.4	$1,809.6

Accounts receivable are carried at amounts that approximate fair value.

Summary of Inventories	December 31 2001	2000
Inventories by Major Class:		
At the lower of cost on the FIFO method, weighted average cost method or market:		
Raw materials	$ 366.1	$ 387.2
Work in process	179.5	159.1
Finished goods	898.4	840.1
Supplies and other	217.5	220.0
	1,661.5	1,606.4
Excess of FIFO cost over LIFO cost	(167.4)	(216.0)
Total	$1,494.1	$1,390.4

FIFO value of total inventories valued on the LIFO method were $715.2 million and $660.1 million at December 31, 2001 and December 31, 2000, respectively.

Summary of Accrued Expenses	December 31 2001	2000
Accrued advertising and promotion	$ 213.7	$ 214.1
Accrued salaries and wages	351.2	428.7
Other	660.4	597.0
Total	$1,225.3	$1,239.8

NOTE 14. (Continued)

Summary of Accrued Consumer Coupon Redemption Costs	2001	2000
Balance, January 1	$ 54.0	$ 58.7
Additions charged to expense	149.4	158.8
Payments	(152.6)	(136.1)
Changes in estimates	(19.1)	(26.6)
Currency rate changes	(.5)	(.8)
Balance, December 31	$ 31.2	$ 54.0

SUPPLEMENTAL CASH FLOW STATEMENT DATA

Summary of Cash Flow Effects of (Increase) Decrease in Operating Working Capital(a)	Year Ended December 31 2001	2000	1999
Accounts receivable	$ 202.5	$ (88.8)	$ (10.3)
Inventories	(37.7)	(49.0)	111.2
Prepaid expenses	(6.9)	10.4	28.0
Trade accounts payable	(162.9)	26.5	41.1
Other payables	9.2	(4.4)	(98.4)
Accrued expenses	(81.3)	(116.3)	(147.3)
Accrued income taxes	(125.4)	(77.4)	34.9
Currency rate changes	(30.1)	(39.3)	(20.7)
Increase in operating working capital	$(232.6)	$(338.3)	$ (61.5)

(a) Excludes the effects of acquisitions and dispositions.

Other Cash Flow Data	Year Ended December 31 2001	2000	1999
Reconciliation of changes in cash and cash equivalents:			
Balance, January 1	$ 206.5	$ 322.8	$ 144.0
Increase (Decrease)	198.7	(116.3)	178.8
Balance, December 31	$ 405.2	$ 206.5	$ 322.8
Interest paid	$ 230.8	$ 233.1	$ 227.1
Income taxes paid	719.2	783.2	557.8
Decrease in cash and cash equivalents due to currency rate changes	24.9	11.4	.1

Interest Expense	Year Ended December 31 2001	2000	1999
Gross interest cost	$211.2	$242.7	$226.0
Capitalized interest on major construction projects	(19.6)	(20.9)	(12.9)
Interest expense	$191.6	$221.8	$213.1

NOTE 15. BUSINESS SEGMENT AND GEOGRAPHIC DATA INFORMATION

As a result of organizational changes announced in November 2001, the Corporation redefined its business segments. The newly defined segments are Personal Care, Consumer Tissue and Business to Business.

Historical information has been reclassified for comparative purposes to be consistent with the new business segment definitions. Sales and operating profit of K C Professional and Neenah Paper have been removed from the former Tissue segment and are included in the new Business to Business segment along with the Corporation's Health Care, Nonwovens and Technical Paper operations that formerly constituted the Health Care and Other segment. The now smaller Tissue segment was renamed Consumer Tissue. The Personal Care segment did not change.

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

- The Consumer Tissue segment manufactures and markets facial and bathroom tissue, paper towels and napkins for household use; wet wipes; and related products. Products in this segment are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Page, Huggies and other brand names.

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

In 2001, approximately 10.4% of net sales were to Wal-Mart Stores, Inc., primarily in the Personal Care and Consumer Tissue businesses. No single customer accounted for 10% or more of net sales in 2000 and 1999.

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

	Net Sales			Operating Profit(a)		
(Millions of dollars)	2001	2000	1999	2001	2000	1999
Personal Care.	$ 5,677.6	$ 5,437.6	$ 5,138.1	$1,042.7	$1,136.7	$1,092.8
Consumer Tissue.	5,383.5	5,061.3	4,855.0	863.7	825.1	689.2
Business to Business . .	3,624.8	3,678.9	3,156.6	599.4	666.0	579.2
Combined	14,685.9	14,177.8	13,149.7	2,505.8	2,627.8	2,361.2
Intersegment sales . . .	(161.5)	(195.8)	(142.9)			
Unallocated - net(b) . .				(167.6)	6.0	74.2
Consolidated	$14,524.4	$13,982.0	$13,006.8	$2,338.2	$2,633.8	$2,435.4

NOTE 15. (Continued)

(Millions of dollars)	Assets 2001	Assets 2000	Assets 1999	Depreciation 2001	Depreciation 2000	Depreciation 1999	Capital Spending 2001	Capital Spending 2000	Capital Spending 1999
Personal Care.	$ 3,819.5	$ 3,667.7	$ 3,234.8	$225.1	$200.9	$195.8	$ 381.0	$ 410.7	$260.7
Consumer Tissue	5,064.5	4,732.4	4,191.9	259.8	239.1	243.9	419.6	500.7	312.1
Business to Business	4,611.3	4,624.2	3,583.7	164.2	150.5	145.5	260.4	256.3	213.1
Combined	13,495.3	13,024.3	11,010.4	649.1	590.5	585.2	1,061.0	1,167.7	785.9
Unallocated assets(c).	1,512.3	1,455.5	1,805.1	1.1	1.2	1.0	38.5	2.6	.5
Consolidated	$15,007.6	$14,479.8	$12,815.5	$650.2	$591.7	$586.2	$1,099.5	$1,170.3	$786.4

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

2001 (Millions of dollars)	Personal Care	Consumer Tissue	Business to Business	Unallocated	Total
North American mill closing and other write offs.	$ 6.8	$19.0	$26.8	$	$ 52.6
Latin American asset plan	23.1	9.4			32.5
Business improvement programs	41.0	5.6	8.9		55.5
Business integration and other costs.	5.9	5.2	15.7	2.3	29.1
Arbitration settlements				43.2	43.2
Total	$76.8	$39.2	$51.4	$45.5	$212.9

2000 (Millions of dollars)	Personal Care	Consumer Tissue	Business to Business	Unallocated	Total
Business improvement programs	$4.2	$16.9	$ 3.3	$ -	$ 24.4
Business integration and other costs.	1.0	5.1	29.0		35.1
Litigation settlements and other.				(60.6)	(60.6)
Total	$5.2	$22.0	$32.3	$ (60.6)	$ (1.1)

1999 (Millions of dollars)	Personal Care	Consumer Tissue	Business to Business	Unallocated	Total
Business improvement programs	$16.3	$30.3	$ 2.9	$ (1.7)	$ 47.8
Business integration and other costs.		4.5	18.1		22.6
Mobile pulp mill fees and related severance . . .		3.8	5.2		9.0
Gains on asset disposals.				(176.7)	(176.7)
Total	$16.3	$38.6	$26.2	$(178.4)	$ (97.3)

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

(c) Includes investments in equity companies of $705.3 million, $798.8 million and $863.1 million in 2001, 2000 and 1999, respectively.

NOTE 15. (Continued)

CONSOLIDATED OPERATIONS BY GEOGRAPHIC AREA

	Net Sales			Operating Profit(a)		
(Millions of dollars)	2001	2000	1999	2001	2000	1999
United States.	$ 9,327.7	$ 9,059.4	$ 8,392.5	$1,927.5	$1,937.1	$1,821.9
Canada	938.3	990.3	843.4	156.9	211.3	105.3
Intergeographic items(b) . . .	(694.7)	(673.5)	(507.4)			
North America.	9,571.3	9,376.2	8,728.5	2,084.4	2,148.4	1,927.2
Europe	2,648.4	2,474.5	2,544.7	176.2	149.7	183.3
Asia, Latin America and other.	2,864.4	2,680.5	2,084.6	245.2	329.7	250.7
Combined	15,084.1	14,531.2	13,357.8	2,505.8	2,627.8	2,361.2
Intergeographic items.	(559.7)	(549.2)	(351.0)	-	-	-
Unallocated - net(c)				(167.6)	6.0	74.2
Consolidated	$14,524.4	$13,982.0	$13,006.8	$2,338.2	$2,633.8	$2,435.4

	Assets		
(Millions of dollars)	2001	2000	1999
United States.	$ 7,691.4	$ 7,599.9	$ 6,363.1
Canada	538.2	517.0	497.5
Intergeographic items.	(70.8)	(79.4)	(79.0)
North America.	8,158.8	8,037.5	6,781.6
Europe	2,474.6	2,447.3	2,404.1
Asia, Latin America and other.	3,134.3	2,676.0	1,960.7
Combined	13,767.7	13,160.8	11,146.4
Intergeographic items.	(272.4)	(136.5)	(136.0)
Unallocated assets - net(d).	1,512.3	1,455.5	1,805.1
Consolidated	$15,007.6	$14,479.8	$12,815.5

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

	2001					
(Millions of dollars)	U.S.	Canada	Europe	Asia, Latin America and other	Unallocated	Total
North American mill closing and other write offs.	$ 52.6	$	$	$	$	$ 52.6
Latin American asset plan				32.5		32.5
Business improvement programs . .	38.9	2.6	2.5	11.5	-	55.5
Business integration and other costs	15.4		10.1	1.3	2.3	29.1
Arbitration settlements					43.2	43.2
Total	$106.9	$2.6	$12.6	$45.3	$45.5	$212.9

NOTE 15. (Continued)

(Millions of dollars)	2000 U.S.	Canada	Europe	Asia, Latin America and other	Unallocated	Total
Business improvement programs . . .	$ 6.1	$1.1	$17.2	$ -	$ -	$ 24.4
Business integration and other costs	28.8	.3	6.0			35.1
Litigation settlements and other. .					(60.6)	(60.6)
Total	$34.9	$1.4	$23.2	$	$ (60.6)	$ (1.1)

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

(b) Net sales include $431.1 million, $409.2 million and $287.6 million by operations in Canada to the U.S. in 2001, 2000 and 1999, respectively.

(c) Consists of other income (expense), net and expenses not associated with geographic areas.

(d) Includes investments in equity companies of $705.3 million, $798.8 million and $863.1 million in 2001, 2000 and 1999, 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, 2001					
Latin America.	$1,872.3	$721.7	$490.3	$304.0	$140.6
Asia, Australia and Middle East(a)	281.4	110.4	40.7	28.3	13.8
Total.	$2,153.7	$832.1	$531.0	$332.3	$154.4
For the year ended: December 31, 2000					
Latin America.	$1,902.5	$730.2	$514.7	$339.1	$158.5
Asia, Australia and Middle East(b)	602.1	242.1	88.9	56.9	27.9
Total.	$2,504.6	$972.3	$603.6	$396.0	$186.4

NOTE 15. (Continued)

(Millions of dollars)	Net Sales	Gross Profit	Operating Profit	Net Income	Kimberly-Clark's Share of Net Income
For the year ended:					
December 31, 1999					
Latin America	$1,611.6	$638.9	$477.7	$334.1	$154.0
Asia, Australia and Middle East . .	714.0	263.1	98.6	73.4	35.6
Total	$2,325.6	$902.0	$576.3	$407.5	$189.6
	========	======	======	======	======

(a) As of July 1, 2001, the Corporation consolidated K-C Australia Pty., its Australian affiliate, in which the Corporation made an additional investment to gain majority ownership.

(b) As of March 31, 2000, the Corporation consolidated Hogla Kimberly Limited, its Israeli affiliate, in which the Corporation made an additional investment to gain majority ownership.

(Millions of dollars)	Current Assets	Non Current Assets	Current Liabilities	Non Current Liabilities	Stock-holders' Equity
December 31, 2001					
Latin America.	$ 892.3	$1,291.2	$551.7	$482.6	$1,149.2
Asia and Middle East	25.5	29.3	21.1	.6	33.1
Total.	$ 917.8	$1,320.5	$572.8	$483.2	$1,182.3
	========	========	======	======	========
December 31, 2000					
Latin America.	$ 846.6	$1,172.0	$496.7	$382.7	$1,139.2
Asia, Australia and Middle East.	163.9	270.7	92.7	151.1	190.8
Total.	$1,010.5	$1,442.7	$589.4	$533.8	$1,330.0
	========	========	======	=======	========
December 31, 1999					
Latin America.	$ 860.6	$1,076.4	$428.8	$400.9	$1,107.3
Asia, Australia and Middle East.	254.0	391.7	143.3	194.1	308.3
Total.	$1,114.6	$1,468.1	$572.1	$595.0	$1,415.6
	========	========	======	======	========

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

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, 2001, the Corporation's investment in this equity company was $488.1 million, and the estimated fair value of the investment was $1.8 billion based on the market price of publicly traded shares.

INDEPENDENT AUDITORS' REPORT
Kimberly-Clark Corporation and Subsidiaries

Kimberly-Clark Corporation, Its Directors and Stockholders:

We have audited the accompanying consolidated balance sheets of Kimberly-Clark Corporation and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark Corporation and Subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Dallas, Texas
February 8, 2002

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

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

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

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

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

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

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

~~The Corporation has assessed its internal control system as of December 31, 2001, 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, 2001, its system of internal control over the preparation of its published interim and annual consolidated financial statements and over safeguarding of assets against unauthorized acquisition, use or disposition met those criteria.~~

~~/s/ Wayne R. Sanders~~	~~/s/ Thomas J. Falk~~	~~/s/ John W. Donehower~~
~~Wayne R. Sanders~~ ~~Chairman of the Board and~~ ~~Chief Executive Officer~~	~~Thomas J. Falk~~ ~~President and~~ ~~Chief Operating Officer~~	~~John W. Donehower~~ ~~Senior Vice President and~~ ~~Chief Financial Officer~~

~~February 8, 2002~~

ADDITIONAL INFORMATION

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT

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

EquiServe Trust Company, N.A.
P.O. Box 43010
Providence, RI 02940-3010
Telephone: 800-730-4001
Internet: http://www.equiserve.com

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

Quarterly dividends have been paid continually since 1935. Dividends are paid on or about the second day of January, April, July and October. The Automatic Dividend Reinvestment service of EquiServe Trust Company, N.A. 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 Pacic stock exchanges. The ticker symbol is KMB.

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders will be held at the Company's World Headquarters, 351 Phelps Drive, Irving, Texas, at 11:00 a.m. on Thursday, April 25, 2002.

INVESTOR RELATIONS

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

CALENDAR

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

SEC FORM 10-K AND OTHER INFORMATION/COMPANY WEB SITE

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

EMPLOYEES AND STOCKHOLDERS

In its worldwide consolidated operations, Kimberly-Clark had 64,200 employees as of December 31, 2001. Equity companies had an additional 9,800 employees. The Corporation had 46,373 stockholders of record and 521.0 million shares of common stock outstanding as of the same date.

TRADEMARKS

The brand names mentioned in this report - Andrex, Ballard, Classic Crest, Cottonelle, Cottonelle Fresh, Depend, Depend Plenitud, GoodNites, Huggies, Joy, Kimberly-Clark, Kleenex, Kotex, Lightdays, Little Swimmers, Page, Poise, Pull-Ups, Safeskin, Scott, Scottex, Scottfold, Surpass, Tecnol, Viva and WypAll - are trademarks of Kimberly-Clark Corporation or its affliates.

Exhibit No. (21)

KIMBERLY CLARK CORPORATION
CONSOLIDATED SUBSIDIARIES

This list includes all subsidiaries as of December 31, 2001. The place of incorporation or organization is next to the name of the company.

Andrex Limited, United Kingdom
Avent, Inc., Delaware
Avent de Honduras, S.A. de C.V., Honduras
Avent, S.A. de C.V., Mexico
Avent Slovakia, Inc., Delaware
Avent Slovakia s.r.o., Slovakia
Ballard Medical Products, Utah
Ballard Medical Products (Canada) Inc., Ontario, Canada
Ballard Medical Sales, Ltd., Utah
Ballard Purchase Corporation, Utah
Ballard Real Estate Holdings, Inc., Utah
Balmoral Participacoes Ltda., Brazil
Beco, Inc., Wisconsin
BMCO One, Inc., Utah
BMCO Two, Inc., Utah
Cabin Bluff Partners, Delaware
Cape Chignecto Lands Limited, Nova Scotia, Canada
Cardiotronics Systems, Inc., Colorado
*Carlkim (Proprietary) Limited, South Africa
*Carlton Paper Products (Proprietary) Limited, South Africa
*Carlton Paper of South Africa (Proprietary) Limited, South Africa
Celulosa de Turrialba, S.A., Costa Rica
*City Land Corporation (Proprietary) Limited, South Africa
*Colombiana Kimberly Colpapel S.A., Colombia
Delaware Overseas Finance, Inc., Delaware
Discott II, Inc., Delaware
Durafab, Inc., Texas
ELF 1 Papier GmbH, Germany
Excell Paper Sales Co., Pennsylvania
Excell Paper Sales LLC, Delaware
Financo Limited, Cayman Islands
*Fisbra Industria e Comecio Ltd., Brazil
*Gerinconfort Industria e Comercio de Productus Higienicos Ltd., Brazil
Hakle Hygiene Papiervertriebs GmbH, Austria
Hakle Kimberly Deutschland GmbH, Germany
Hakle-Kimberly Switzerland GmbH, Switzerland
*H-K Overseas Holland B.V., Netherlands

*Hogla Kimberly, Limited, Israel
*Hogla Kimberly Marketing Limited, Israel
Hopewell International Insurance Ltd. (Inactive), Bermuda
Housing Horizons, LLC, Texas
Hykopa AG, Switzerland
*Industrial Helvetia S.A., Chile
Industrial Mimosa S.A., Uruguay
K-C Advertising, Inc., Delaware
K-C Comercio e Servicios Ltda., Brazil
K-C Enterprise Venezuela C.A., Venezuela
K-C Equipment Finance L.P., United Kingdom
K-C Guernsey I Ltd., Isle of Guernsey
K-C Guernsey II Ltd., Isle of Guernsey
K-C Nevada, Inc., Nevada
*KCA Nominees Pty. Limited, Australia
*KCA Retirement Fund Pty. Limited, Australia
KCC Comercial Ltda., Sao Paulo, Brazil
*KCK Wipes Industria e Comercio Ltda., Brazil
*K.C.S.A. Holdings (Proprietary) Limited, South Africa
*Kimberly Bolivia S.A., Bolivia
Kimberly-Clark (Barbados) Holding Ltd., Barbados
Kimberly-Clark (China) Investment Co., Ltd., People's Republic of China
Kimberly-Clark Argentina S.A., Argentina
Kimberly-Clark Argentina Holdings S.A., Argentina
Kimberly-Clark AB, Sweden
Kimberly-Clark a.s., Czech Republic
Kimberly-Clark Australia Finance Pty. Limited, Australia
Kimberly-Clark Australia Holdings Pty. Limited, Australia
*Kimberly-Clark Australia Pty. Limited, Australia
Kimberly-Clark Benelux Holdings B.V., Netherlands
Kimberly-Clark B.V., Netherlands
Kimberly-Clark Canada Inc., Ontario, Canada
Kimberly-Clark Canada Finance Incorporated, Nova Scotia, Canada
Kimberly-Clark Canada Investment Incorporated, Nova Scotia, Canada
Kimberly-Clark Canada Services Corporation, Ontario, Canada
Kimberly-Clark Cayman Islands Company, Cayman Islands
Kimberly-Clark Cayman Islands Finance Company, Cayman Islands
Kimberly-Clark Cayman Islands Holding Company, Cayman Islands
Kimberly-Clark Cyprus Ltd., Cyprus
Kimberly-Clark CBG (Handan) Hygienic Products Co., Ltd., People's Republic of China
Kimberly-Clark CBG Hygienic Products Co. Ltd., Nanjing, People's Republic of China
Kimberly-Clark CBG Hygienic Products Company Limited, Chengdu, People's Republic of China
Kimberly-Clark CBG Hygienic Products Company Limited, Kunming, People's Republic of China
*Kimberly-Clark Central American Holdings, S.A., Panama
Kimberly-Clark Chengdu Hygienic Products Services Company Ltd., People's Republic of China

~~*Kimberly-Clark Chile S.A., Chile~~
~~Kimberly-Clark Colombia Limitada, Colombia~~
~~Kimberly-Clark Costa Rica, S.A., Costa Rica~~
~~*Kimberly-Clark de Centro America, S.A., El Salvador~~
~~Kimberly-Clark do Brasil Limitada, Brazil~~
~~Kimberly-Clark Denmark Holdings ApS, Denmark~~
~~*Kimberly-Clark Dominicana, S.A., Dominican Republic~~
~~*Kimberly-Clark Ecuador, S.A., Ecuador~~
~~Kimberly-Clark Europe Limited, United Kingdom~~
~~Kimberly-Clark European Investment B.V., Netherlands~~
~~Kimberly-Clark European Services Limited, United Kingdom~~
~~Kimberly-Clark Far East Pte. Limited, Singapore~~
~~Kimberly-Clark Finance Ltd., United Kingdom~~
~~Kimberly-Clark Financial Services, Inc., Tennessee~~
~~Kimberly-Clark Forestal S.A., Spain~~
~~Kimberly-Clark Foundation, Inc., Wisconsin~~
~~Kimberly-Clark France Finance SNC, France~~
~~Kimberly-Clark France Holdings SARL, France~~
~~Kimberly-Clark France Operations, France~~
~~Kimberly-Clark Global Finance, Bermuda~~
~~*Kimberly-Clark Guatemala S.A., Guatemala~~
~~Kimberly-Clark HmbH, Austria~~
~~Kimberly-Clark Holding Limited, United Kingdom~~
~~Kimberly-Clark Holdings Brasil Limitada, Brazil~~
~~Kimberly-Clark Holland Holdings B.V., Netherlands~~
~~Kimberly-Clark Honduras S. de R.L., Honduras~~
~~Kimberly-Clark (Hong Kong) Ltd., Hong Kong~~
~~Kimberly-Clark Inc., Ontario, Canada~~
~~Kimberly-Clark Integrated Services Corporation, Delaware~~
~~Kimberly-Clark International Services Corporation, Delaware~~
~~Kimberly-Clark International, S.A., Panama~~
~~Kimberly-Clark Investment Corporation, Panama~~
~~Kimberly-Clark Irish Finance Corporation Ltd., United Kingdom~~
~~Kimberly-Clark Japan Ltd., Japan~~
~~*Kimberly-Clark Kenko Industria e Comercio Ltda., Sao Paulo, Brazil~~
~~Kimberly-Clark Latin America, Inc., Delaware~~
~~Kimberly-Clark Lda., Portugal~~
~~Kimberly-Clark Limited, United Kingdom~~
~~Kimberly-Clark Luxembourg S.a.r.l., Luxembourg~~
~~Kimberly-Clark Luxembourg Holdings S.a.r.l., Luxembourg~~
~~Kimberly-Clark Malaysia Sendirian Berhad, Malaysia~~
~~Kimberly-Clark Manufacturing (Thailand) Limited, Thailand~~
~~Kimberly-Clark Mediterranean Finance Company Ltd., Malta~~
~~Kimberly-Clark N.V., Belgium~~
~~Kimberly-Clark Netherlands Holdings B.V., Netherlands~~

~~Kimberly-Clark OOO, Russia~~
~~Kimberly-Clark Pacific Finance Company, Cayman Islands~~
~~Kimberly-Clark Pacific Holdings Pty Limited, Australia~~
~~Kimberly-Clark Paper (Guangzhou) Company Limited, People's Republic of China~~
~~Kimberly-Clark Paper (Shanghai) Company Limited, People's Republic of China~~
~~Kimberly-Clark Paraguay S.A., Paraguay~~
~~Kimberly-Clark Pension Trusts Ltd., United Kingdom~~
~~Kimberly-Clark Personal Hygienic Products (Nanjing) Co. Ltd., People's Republic of China~~
~~Kimberly-Clark Personal Hygienic Products Company Limited, Beijing, People's Republic of China~~
~~*Kimberly-Clark Peru S.A., Peru~~
~~Kimberly-Clark PHC International, Inc., Delaware~~
~~*Kimberly-Clark Philippines Inc., Philippines~~
~~Kimberly-Clark Poland Sp. z.o.o., Poland~~
~~Kimberly-Clark Products (Malaysia) Sdn. Bdh., Malaysia~~
~~*Kimberly-Clark Pudumjee Limited, India~~
~~Kimberly-Clark Puerto Rico, Inc., Delaware~~
~~Kimberly-Clark Pulp, Inc., Delaware~~
~~Kimberly-Clark S.L., Spain~~
~~Kimberly-Clark Sales Corporation B.V., Netherlands~~
~~Kimberly-Clark Scandinavia A/S, Denmark~~
~~Kimberly-Clark Services Asia-Pacific, Australia~~
~~*Kimberly-Clark SID, S.A., Dominican Republic~~
~~Kimberly-Clark Singapore Pte. Ltd., Singapore~~
~~Kimberly-Clark S.N.C., France~~
~~*Kimberly-Clark of South Africa (Pty.) Limited, South Africa~~
~~*Kimberly-Clark Southern African (Holdings) (Pty) Ltd., South Africa~~
~~Kimberly-Clark S.p.A., Italy~~
~~Kimberly-Clark s.r.l., Italy~~
~~Kimberly-Clark SUD, S.p.A., Italy~~
~~Kimberly-Clark Taiwan, Cayman Islands~~
~~Kimberly-Clark Technical Paper, Inc., New Hampshire~~
~~Kimberly-Clark Technical Products, Inc., Delaware~~
~~Kimberly-Clark Thailand Limited, Thailand~~
~~Kimberly-Clark Tissue do Brasil Limitada, Brazil~~
~~Kimberly-Clark Trading Limited Liability Company, Hungary~~
~~Kimberly-Clark Trading (Malaysia) Sdn. Bdh., Malaysia~~
~~Kimberly-Clark Treasury Asia-Pacific, Australia~~
~~Kimberly-Clark Ukraine LLC, Ukraine~~
~~Kimberly-Clark Uruguay S.A., Uruguay~~
~~*Kimberly-Clark Venezuela, C.A., Venezuela~~
~~Kimberly-Clark Ventures, LLC, Delaware~~
~~Kimberly-Clark Vietnam Co., Ltd., Vietnam~~
~~Kimberly-Clark West Indies Finance Company, Cayman Islands~~
~~Kimberly-Clark Worldwide Australia Holdings Pty. Limited, Australia~~
~~Kimberly-Clark Worldwide Taiwan Investment Ltd., Taiwan, Republic of China~~

~~Kimberly-Clark Worldwide, Inc., Delaware~~
~~*Kimberly-Clark Zimbabwe (Private) Limited, South Africa~~
~~*KIMNICA, S.A., Nicaragua~~
~~Kookaburra Paper Products Private Limited, Singapore~~
~~*KS&J Industria e Comecio Ltda., Brazil~~
~~La Ada de Acuna, S.A. de C.V., Mexico~~
~~La Compania Que Innova, S.A. de C.V., Mexico~~
~~*Larrylind Land Corporation (Pty.) Limited, South Africa~~
~~*Leslie D. Frankel (Pty.) Limited, South Africa~~
~~Linostar S.p.A., Italy~~
~~*Manlak Investments (Pty.) Limited, South Africa~~
~~Medical Innovations Corporation, California~~
~~Menominee Company, Wisconsin and Michigan~~
~~Mimo Argentina S.A., Argentina~~
~~Mimo Brasil Limitada, Brazil~~
~~*Mimo Chile S.A., Chile~~
~~Mimo Uraguay S.A., Uraguay~~
~~*Mimobliaria S.A., Ecuador~~
~~Minnetonka Limitada, Brazil~~
~~Minnetonka Overseas Investments Limited, Cayman Islands~~
~~Mistassist, Inc., Delaware~~
~~*Molett Marketing Limited, Israel~~
~~Mountain Tree Farm Company, Washington~~
~~*Neenah and Menasha Water Power Company, Wisconsin~~
~~Northfleet Terminal Limited, United Kingdom~~
~~Nueva Arizona, S.A., Argentina~~
~~1194127 Ontario Inc., Ontario, Canada~~
~~*Ovisan Syhhi Bez Sanay Ve Ticaret a.s., Turkey~~
~~*Papeles Absorbentes, S.A., Guatemala~~
~~*Papeles del Cauca S.A., Colombia~~
~~Plastic Engineered Products Company, Ohio~~
~~Portola S.L., Spain~~
~~*Productos Industriales Diversos, Costa Rica~~
~~P.T. Kimberly-Lever Indonesia, Indonesia~~
~~R2 Medical Systems, Inc., California~~
~~*Reforpel Cia Limitada, Ecuador~~
~~*Rakefet Marketing & Trading Services Ltd., Israel~~
~~Ridgeway Insurance Company Limited, Bermuda~~
~~*S.A. Paper Processing (1956) (Pty.) Limited, South Africa~~
~~Safeskin (B.V.I.) Limited, British Virgin Islands~~
~~Safeskin Corporation, Florida~~
~~Safeskin Corporation (Malaysia) Sdn. Bhd., Malaysia~~
~~Safeskin Corporation (Thailand) Limited, Thailand~~
~~Safeskin Healthcare (Thailand) Limited, Thailand~~
~~Safeskin Industries (Thailand) Limited, Thailand~~

~~Safeskin Insurance Management, California~~
~~Safeskin Latex (Thailand) Limited, Thailand~~
~~Safeskin (Malaysia) Engineering & Machinery Sdn. Bhd., Malaysia~~
~~Safeskin Management & Technical Services (Malaysia) Sdn. Bhd., Malaysia~~
~~Safeskin Medical & Scientific (Thailand) Limited, Thailand~~
~~Safeskin Real Estate, Inc., Delaware~~
~~Safeskin Sensicon Corporation, California~~
~~Safeskin Scientific Corporation, California~~
~~Safeskin Scientific Corporation (Malaysia) Sdn. Bhd., Malaysia~~
~~Scott CB Holding Company, Delaware~~
~~Scott S.A., France~~
~~Scottcom, Inc., Pennsylvania~~
~~Scott Paper Company, Delaware~~
~~*Scott Paper Co. de Costa Rica S.A., Costa Rica~~
~~*Scott Paper Co. Honduras S.A. de C.V., Honduras~~
~~Scott Paper Eastern China Inc., Delaware~~
~~Scott Janitorial Supplies Pte. Ltd., Singapore~~
~~Scott Paper Overseas Finance Ltd., Cayman Islands~~
~~Scott Trading Ltd., Thailand~~
~~Servicios Administrativos Y Comerciales, S.A., Mexico~~
~~*Shikma Improvement of Individual Life Limited, Israel~~
~~S-K Corporation, Taiwan~~
~~Syzygy, Inc., Delaware~~
~~Tactyl Technologies, Inc., Delaware~~
~~Taiwan Scott Paper Corporation, Taiwan~~
~~Tawneydown ALFA BmbH (Inactive), Germany~~
~~Tecnol, Inc., Delaware~~
~~TELA-Kimberly Papiervertriebs GmbH, Switzerland~~
~~TELA-Kimberly Deutschland GmbH, Germany~~
~~TELA-Kimberly Switzerland GmbH, Switzerland~~
~~Three Rivers Timber Company, Washington~~
~~Tri-Med Specialties, Inc., Kansas~~
~~Value Select Corporation, Delaware~~
~~*YuHan-Kimberly, Limited, Korea~~

~~* Indicates a company that is not wholly owned directly or indirectly by the Corporation.~~

Exhibit No. (23)

INDEPENDENT AUDITORS' CONSENT

KIMBERLY-CLARK CORPORATION:

We consent to the incorporation by reference in Kimberly-Clark Corporation's Registration Statements on Form S-8 (Nos. 33-5299, 33-49050, 33-58402, 33-64063, 33-64689, 33-64931, 333-02607, 333-06996, 333-17367, 333-38385, 333-43647, 333-71661, 333-94139, 333-85099, 333-51922, 333-61010 and 333-62358) and on Form S-3 (Nos. 33-52343, 333-45399 and 333-68903) of our reports dated February 8, 2002 appearing in and incorporated by reference in this Annual Report on Form 10-K of Kimberly-Clark Corporation.

/S/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Dallas, Texas
March 15, 2002

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, 2001, 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 19th day of February, 2002.

/s/ John F. Bergstrom

John F. Bergstrom

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, 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 19th day of February, 2002.

/s/ Pastora San Juan Cafferty

Pastora San Juan Cafferty

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, 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 19th day of February, 2002.

/s/ Paul J. Collins

Paul J. Collins

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, 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 19th day of February, 2002.

/s/ Robert W. Decherd

Robert W. Decherd

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, 2001, 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 19th day of February, 2002.

/s/ Thomas J. Falk

Thomas J. Falk

POWER OF ATTORNEY

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/s/ William O. Fifield

William O. Fifield

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of February, 2002.

/s/ Claudio X. Gonzalez

Claudio X. Gonzalez

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of February, 2002.

/s/ Linda Johnson Rice

Linda Johnson Rice

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of February, 2002.

/s/ Wayne R. Sanders

Wayne R. Sanders

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of February, 2002.

/s/ Wolfgang R. Schmitt

Wolfgang R. Schmitt

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of February, 2002.

/s/ Marc J. Shapiro

Marc J. Shapiro

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of February, 2002.

/s/ Randall L. Tobias

Randall L. Tobias