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, 1997

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; Preferred Stock Purchase Rights	New York Stock Exchange Chicago Stock Exchange Pacific Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 20, 1998, 556,999,429 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 $27.7 billion.

DOCUMENTS INCORPORATED BY REFERENCE

Kimberly-Clark Corporation's 1997 Annual Report to Stockholders and 1998 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 1997 Annual Report to Stockholders and 1998 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
1997 Annual Report to Stockholders (Year ended December 31, 1997)	PART I
	ITEM 1. Business
	ITEM 3. Legal Proceedings
	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 8. Financial Statements and Supplementary Data
	PART IV
	ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
1998 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 17 to the Financial Statements contained in the 1997 Annual Report to Stockholders, are incorporated in this Item 1 by reference.

RECENT DEVELOPMENTS. Historically, the Corporation has been engaged in a wide variety of diversified businesses, including the manufacture and sale of consumer products, paper and forest products, airline services and various other businesses. In recent years, the Corporation has been undergoing a transition to a global consumer products company based on the strategy of building on its core technologies, well-known trademarks and consumer product franchises. Those businesses that did not, or could not, build on these strengths were candidates for divestiture. Those businesses that fit into the Corporation's strategy were candidates for further investment and support. Outside businesses that were perceived as opportunities consistent with the strategy were candidates for acquisition. As a result, the Corporation has completed a number of acquisitions and divestitures, including the following transactions since December 1995:

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

- On June 28, 1996, the Corporation sold the baby and child wipe businesses previously conducted by Scott, consisting of the Baby Fresh, Wash a-Bye Baby and Kid Fresh brands and the Dover, Delaware production facility, to The Procter & Gamble Company. This divestiture was required by the U.S. Justice Department as part of the Scott merger.

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

- On September 16, 1996, the Corporation sold its tissue mill in Prudhoe, England and certain consumer tissue businesses in the United Kingdom and Ireland to Svenska Cellulosa Aktiebolaget (SCA) of Sweden. This divestiture was required by the European Commission as part of the Scott merger.

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

- On 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 (the "Coosa Sale").

- 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. The transaction was accounted for as a purchase and involved the exchange of approximately 8.7 million shares of Kimberly-Clark common stock for all outstanding shares of Tecnol common stock.

On February 25, 1997, the Corporation announced its intention to sell its pulp operations and related woodlands at Terrace Bay, Ontario; New Glasgow, Nova Scotia; and Miranda, Spain as part of its plan to reduce its exposure to the cyclical, capital-intensive pulp business. Although the Corporation had an agreement to sell its mills and related woodlands at Terrace Bay, Ontario and New Glasgow, Nova Scotia to Vancouver-based Harmac Pacific Inc., that sale was not completed, and management is evaluating its options for these facilities. See "Raw Materials" and "Factors That May Affect Future Results - Raw Materials."

On November 21, 1997, the Corporation announced a restructuring plan ("Announced Plan") which includes the sale, closure or downsizing of 18 manufacturing facilities worldwide and a workforce reduction of approximately 5,000 employees. In connection with the Announced Plan, the Corporation recorded a pretax charge of $701.2 million ("1997 Charge").

On March 12, 1998, the Corporation announced that it anticipates earnings from operations for the first quarter of 1998 will be in the range of 54-to-58 cents per share. The Corporation also announced that it expects earnings from operations to improve over the balance of the year as savings from the Announced Plan and benefits of recently implemented price increases for consumer and away-from-home tissue products in the United States are realized. As a result, earnings per share from operations during the last nine months of 1998 should be greater than the same period a year ago.

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

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

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

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

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

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

PATENTS AND TRADEMARKS. The Corporation owns various patents and trademarks registered domestically and in many foreign countries. The Corporation considers the patents and trademarks which it owns and the trademarks under which it sells certain of its products to be material to its business. Consequently, the Corporation seeks patent and trademark protection by all available means, including registration. A partial list of the Corporation's trademarks is included under the caption "Trademarks" contained in the 1997 Annual Report to Stockholders and is incorporated herein by reference.

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

Production at the Corporation's pulp mills at Mobile, Alabama; Everett, Washington; Terrace Bay, Ontario; New Glasgow, Nova Scotia; and Miranda, Spain supplied approximately 70 percent of the Corporation's 1997 virgin fiber requirements. The Corporation sold its Coosa Pines, Alabama pulp and newsprint facility on March 27, 1997. See "Recent Developments."

The Corporation owns or controls 6.4 million acres of forestland in North America, principally as a fiber source for pulp production which is consumed internally within the tissue and personal care businesses. In the United States, approximately .5 million acres are owned in Alabama and Mississippi. In Canada, 1.0 million acres in the province of Nova Scotia are owned by the Corporation, and 4.9 million acres, principally in the province of Ontario, are held under long-term Crown rights or leases.

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

RESEARCH AND DEVELOPMENT. A major portion of total research and development expenditures is directed toward new or improved personal care, health care and household products, and nonwoven materials. Consolidated research and development expense was $211.8 million in 1997, $207.9 million in 1996 and $207.2 million in 1995.

ENVIRONMENTAL MATTERS. Capital expenditures for environmental controls to meet legal requirements and otherwise relating to the protection of the environment at the Corporation's facilities in the United States are expected to be $102.6 million in 1998 and $167.1 million in 1999. Approximately $87.0 million and $138.6 million of such expenditures in 1998 and 1999, respectively, relate to compliance with the U.S. Environmental Protection Agency's ("EPA") Cluster Rule for kraft and sulfite pulping operations at the Corporation's Everett, Washington and Mobile, Alabama pulp mills. The remainder of the forecasted expenditures, $15.6 million in 1998 and $28.5 million in 1999, will be applied at various other tissue and paper production facilities in the United States for other environmental control system improvements. Cluster Rule capital expenditures for the year 2000 are estimated at $52.8 million.

Total environmental capital expenditures are not expected to have a material effect on the Corporation's total capital 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.

EMPLOYEES. In its worldwide consolidated operations, the Corporation had 57,000 employees as of December 31, 1997.

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

FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain matters discussed in this Form 10-K, or documents a portion of which are incorporated herein by reference, concerning the business outlook, anticipated financial and operating results, strategies, contingencies and contemplated transactions of the Corporation; the adequacy of the 1997 Charge and the 1995 charge for estimated costs of the Scott merger, for restructuring the combined operations and for other unusual charges; and the remaining costs of the Announced Plan constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the Corporation. There can be no assurance that these events will occur or that the Corporation's results will be as estimated.

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

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

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

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

RAW MATERIALS. The Corporation uses a variety of raw materials in its manufacturing processes, including wood pulp and deinked pulp (recycled), polypropylene and other synthetics and chemicals. Wood based raw materials are subject to significant price variations due to the cyclical nature of the market. On a worldwide basis, the Corporation has reduced its internal pulp supply to approximately 70 percent of its virgin fiber needs and has announced its intention to further reduce its level of pulp integration to approximately 30 percent. However, following the consummation of such strategy, increases in pulp prices could adversely affect the Corporation's earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in pulp prices. If the Corporation is not successful in reducing its level of pulp integration, its financial results could be subject to fluctuations in the market price of pulp.

ACQUISITION AND DIVESTITURE STRATEGY. The Corporation's anticipated financial results and business outlook are dependent in part upon the consummation of projected divestitures on terms advantageous to the Corporation and the availability of suitable acquisition candidates. There can be no assurance that such divestitures will be consummated, or, if consummated, that the terms of such divestitures will be advantageous to the Corporation. In addition, the Corporation could encounter significant challenges in locating suitable acquisition candidates that are consistent with its strategic objectives and will contribute to its long-term success. Therefore, there can be no assurance that such acquisitions will be consummated, or, if consummated, that the acquired businesses will be successfully integrated with the Corporation in order to provide anticipated earnings growth.

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

FOREIGN MARKET RISKS. Because the Corporation and its equity companies have manufacturing facilities in 38 countries and its products are sold in approximately 150 countries, the Corporation's results may be substantially affected by foreign market risks. The Corporation is subject to the impact of economic and political instability in developing countries. Recent economic uncertainty and currency devaluations in Southeast Asia have and may continue to have an impact on the Corporation's earnings. Also, the extremely competitive and challenging economic environments in Mexico and developing countries in eastern Europe and Latin America may slow the Corporation's sales growth and earnings potential. In addition, the Corporation is subject to (i) foreign exchange translation risk associated with the strengthening or weakening of various currencies against each other and local currencies versus the U.S. dollar, and (ii) foreign currency risk arising from transactions and commitments denominated in non-local currencies. See "Management's Discussion and Analysis - Market Risk Sensitivity and Inflation Risks" contained in the 1997 Annual Report to Stockholders, which is incorporated herein by reference. Translation exposure for the Corporation's balance sheet with respect to foreign operations is not hedged. Although the Corporation uses instruments to hedge its foreign currency risks (through foreign currency forward, swap and option contracts), these instruments are used selectively to manage risk and there can be no assurance that the Corporation will be fully protected against substantial foreign currency fluctuations.

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

ITEM 2. PROPERTIES

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

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

ADMINISTRATIVE CENTER
Knoxville, Tennessee

*Equity company production facility

WORLDWIDE PRODUCTION AND SERVICE FACILITIES

UNITED STATES

ALABAMA
Mobile - tissue products and pulp (1)
ARIZONA
Tucson - nonwovens
ARKANSAS
Conway - feminine care, incontinence care, nonwovens
Maumelle - wet wipes, nonwovens
CALIFORNIA
Fullerton - tissue products
CONNECTICUT
New Milford - diapers, tissue products
GEORGIA
LaGrange - nonwovens
KENTUCKY
Owensboro - tissue products
MAINE
Winslow - tissue products (2)(3)
MASSACHUSETTS
Westfield - aircraft maintenance, finishing and refurbishing
MICHIGAN
Munising - technical papers
MISSISSIPPI
Corinth - nonwovens, away-from-home wipers and towels
Hattiesburg - tissue products
NORTH CAROLINA
Hendersonville - nonwovens
Lexington - nonwovens
OKLAHOMA
Jenks - tissue products
PENNSYLVANIA
Chester - tissue products
SOUTH CAROLINA
Beech Island - diapers, tissue products
TENNESSEE
Loudon - tissue products
TEXAS
Cleburne - away-from-home products
Dallas - aircraft maintenance, finishing and refurbishing
Del Rio - nonwovens
Fort Worth - nonwovens
Italy - away-from-home products
Paris - diapers, training and youth pants
San Antonio - personal cleansing products and systems
UTAH
Ogden - diapers
VERMONT
East Ryegate - technical papers
WASHINGTON
Everett - tissue products, pulp
WISCONSIN
Appleton - aircraft maintenance, finishing and refurbishing
Marinette - tissue products
Neenah - diapers, feminine care, incontinence care, business and correspondence papers, industrial wipers, nonwovens
Whiting - business and correspondence papers

*Equity company production facility

OUTSIDE THE UNITED STATES

ARGENTINA
- * Bernal - tissue products
- Cordoba - diapers
- Pilar - feminine care, incontinence care
- San Luis - diapers

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

BAHRAIN
- * East Riffa - tissue products

BELGIUM
- Duffel - tissue products

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

CANADA
- Huntsville, Ontario - tissue products, away-from-home wipers
- New Glasgow, Nova Scotia - pulp (2)
- St. Hyacinthe, Quebec - feminine care, diapers
- Terrace Bay, Ontario - pulp (2)

CHINA (4)
- Beijing - feminine care, diapers
- Changchun - feminine care
- Chengdu - feminine care
- Guangzhou - tissue products
- Handan - feminine care
- Harbin - feminine care
- Hong Kong - tissue products (5)
- Kunming - feminine care
- Nanjing - feminine care
- Shanghai - tissue products
- Shenyang - feminine care
- Taiyuan - feminine care
- Wuhan - feminine care

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

COSTA RICA
- Belen - tissue products
- Cartago - diapers
- San Jose - tissue products
- San Jose - feminine care (2)

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

ECUADOR
- Guayaquil - diapers, feminine care

EL SALVADOR
- San Salvador - tissue products
- Sitio del Nino - tissue products, feminine care

*Equity company production facility

FRANCE
   Orleans - tissue products (2)
   Rouen - tissue products
   Villey-Saint-Etienne - tissue products
GERMANY
   Flensburg - tissue products
   Forchheim - feminine care, incontinence care
   Koblenz - tissue products
   Reisholz - tissue products
GUATEMALA
   Guatemala City - tissue products, feminine care, notebooks
HONDURAS
   Cortes - nonwovens
   San Pedro Sula - tissue products, feminine care
INDIA
    * Pune - feminine care, diapers
   Pune - tissue products
INDONESIA
   Jogjakarta - tissue products
    * Medan - specialty papers
ISRAEL
    * Afula - diapers, feminine care, incontinence care
    * Hadera - tissue products
ITALY
   Alanno - tissue products
   Romagnano - tissue products
   Villanovetta - tissue products
JAPAN
   Shinga - personal cleansing products, soap
KOREA
   Anyang - feminine care, diapers, tissue products
   Kimcheon - feminine care, tissue products, nonwovens
   Taejon - feminine care, diapers
MALAYSIA
   Kluang - tissue products
MEXICO
   Acuna - nonwovens
    * Bajio - tissue products, fine papers
    * Cuautitlan - feminine care, diapers, nonwovens
    * Ecatepec - tissue products
   Empalme - nonwovens
   Magdalena - nonwovens
    * Morelia - tissue products, pulp
    * Naucalpan - tissue products, diapers, feminine care
   Nogales - nonwovens
    * Orizaba - tissue products, fine papers, pulp
    * Ramos Arizpe - tissue products, diapers
    * San Juan - tissue products
    * San Rafael - tissue products, fine papers
    * Tlaxcala - diapers
NETHERLANDS
   Gennep - tissue products
PANAMA
   Panama City - feminine care, tissue products
PERU
   Lima - tissue products, feminine care
PHILIPPINES
   San Pedro, Laguna - feminine care, diapers, tissue products,
   specialty papers
SAUDI ARABIA
    * Al-Khobar - diapers, feminine care, tissue products
SLOVAK REPUBLIC
   Piestany - nonwovens
SOUTH AFRICA
   Cape Town - tissue products, feminine care, incontinence care
   Springs - tissue products, diapers

*Equity company production facility

SPAIN
- Aranguren - tissue products
- Arceniega - tissue products, personal cleansing products and systems
- Calatayud - diapers
- Canary Islands - tissue products
- Miranda del Ebro - pulp (2)
- Salamanca - tissue products

TAIWAN
- Hsin-Ying - tissue products (6)
- Ta-Yuan - tissue products

THAILAND
- Pathumthanee - feminine care, diapers, tissue products
- Samutprakarn - tissue products

UNITED KINGDOM
- Barrow - tissue products
- Barton-upon-Humber - diapers
- Flint - tissue products, nonwovens
- Larkfield - tissue products
- Northfleet - tissue products
- Sealand - feminine care

VENEZUELA
- Guacara - diapers, feminine care
- Maracay - tissue products

VIETNAM
- Hanoi - feminine care
- Ho Chi Minh City - feminine care

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(1) Portions of the land under this facility are held under various long-term operating leases, the more significant of which contain options to purchase the land.

(2) The Corporation has announced its intention to close or sell this facility.

(3) The fiber recycling facility at this mill is held under an operating lease expiring in 2008 under which the Corporation has the option of renewing the lease for terms not exceeding nine additional years or purchasing the facility for its then fair market value.

(4) Except as otherwise noted, the land on which these facilities are located is held under long-term leases.

(5) This facility is held under a short-term renewable lease.

(6) The land and a portion of this facility are subject to a mortgage.

*Equity company production facility

ITEM 3. LEGAL PROCEEDINGS

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

Litigation

A. On May 13, 1997, the State of Florida, acting through its attorney general, filed a complaint in the Gainesville Division of the United States District Court for the Northern District of Florida (the "Florida District Court") alleging that manufacturers of tissue products for away-from-home use, including the Corporation and Scott, agreed to fix prices by coordinating price increases for such products. Following Florida's complaint, approximately 45 class action complaints have been filed in various federal and state courts around the United States which contain allegations similar to those made by the State of Florida in its complaint. The actions in federal courts have been consolidated for pretrial proceedings in the Florida District Court. The foregoing actions seek an unspecified amount of actual and treble damages.

   The Corporation has answered the complaints in these actions and has denied the allegations contained therein as well as any liability. Discovery with respect to class certification and the merits of the claims has commenced. The Corporation intends to contest these claims vigorously. These actions are not expected to have a material adverse effect on the Corporation's business or results of operations.

B. 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 or results of operations.

Environmental Matters

The information set forth under the "Environmental Matters" section of "Management's Discussion and Analysis" contained in the 1997 Annual Report to Stockholders is incorporated in this Item 3 by reference.

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

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

A. In 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. The Corporation currently lacks adequate information to make a determination as to the extent of its liability at the site.

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, 1998, together with certain biographical information, are as follows:

ROBERT E. ABERNATHY, 43, was elected Group President effective January 1, 1997. He is responsible for the professional health care business, nonwovens manufacturing and research, the technical papers business, K-C Aviation Inc. and the World Support Group. Mr. Abernathy joined the Corporation in 1982. His past responsibilities in the Corporation have included operations and major project management in North America. He was appointed Vice President-North American Diaper Operations in 1992 and Managing Director of Kimberly-Clark Australia Pty. Limited in 1994.

JOHN W. DONEHOWER, 51, 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.

O. GEORGE EVERBACH, 59, 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, 39, was elected Group President - North American Tissue, Pulp and Paper in January 1996. He is responsible for the Family Care, Wet Wipes, Away From Home and Neenah Paper Sectors, Pulp Operations, and the Consumer Business Services, Environment and Energy and Human Resources organizations. Mr. Falk joined the Corporation in 1983. His responsibilities have included internal audit, financial and strategic analysis, and operations management. Mr. Falk was appointed Vice President - Operations Analysis and Control in 1990. He was elected Senior Vice President - Analysis and Administration in 1992, Group President - - - Infant and Child Care in 1993, Group President - North American Consumer Products in January 1995, and Group President - North American Tissue Products in July 1995. Mr. Falk is a member of the University of Wisconsin - Madison School of Business Dean's Advisory Board and serves on the Board of Directors of Rubbermaid Incorporated.

PAUL S. GEISLER, 56, was elected Group President - Asia/Pacific in April 1996. He was appointed President - Asia in 1994. Mr. Geisler joined the Corporation in 1982 as Marketing Director - Facial Tissue and Table Napkins. He was appointed Vice-President - - - DEPEND(R) Absorbent Products and New Technology Products in 1984, and Vice-President - Home Health Care in 1985. In 1990, Mr. Geisler was appointed President - U.S. Infant Care Sector, and in 1992, he was elected Group President - North American Feminine Care and Adult Care Sectors.

WAYNE R. SANDERS, 50, 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 in 1975, Mr. Sanders was appointed Vice President of Kimberly-Clark Canada Inc., a wholly owned subsidiary of the Corporation, in 1981 and was appointed Director and President in 1984. Mr. Sanders was elected Senior Vice President of Kimberly-Clark Corporation in 1985 and was appointed President - Infant Care Sector in 1987, President - Personal Care Sector in 1988 and President - World Consumer, Nonwovens and Service and Industrial Operations in 1990. Mr. Sanders is a director of Adolph Coors Company, Coors Brewing Company, Texas Instruments Incorporated and Chase Bank of Texas, National Association. He also is a member of the Marquette University Board of Trustees and is a national trustee of the Boys and Girls Clubs of America. He has been a director of the Corporation since 1989.

KATHI P. SEIFERT, 48, was elected Group President - North American Personal Care Products in July 1995. She is responsible for the Infant and Child Care and Feminine and Adult Care Sectors, as well as the U.S. and Canadian Consumer Sales, Canadian Administrative and Safety and Quality Assurance organizations. Ms. Seifert joined Kimberly-Clark in 1978. Her responsibilities in the Corporation have included various marketing positions within the Away From Home, Consumer Tissue and Feminine Care Products business sectors. She was appointed President - Feminine Care Sector in 1991 and was elected Group President - Feminine and Adult Care in 1994 and Group President - North American Consumer Products in January 1995. Ms. Seifert is a member of the Board of Directors of Eli Lilly and Company and the Aid Association for Lutherans.

JOHN A. VAN STEENBERG, 50, was elected President - European Consumer and Service & Industrial Operations in January 1994 and President - European Consumer and Away From Home Operations in April 1996. He is responsible for the Household Products, Infant and Child Care, Feminine and Adult Care and Away From Home Sectors in Europe, as well as the European Consumer Sales and Distribution organizations, and the Central and Eastern Europe Consumer and Away From Home businesses. Mr. Van Steenberg joined the Corporation in 1978. His responsibilities have included operations and major project management in North America. He was appointed Managing Director of Kimberly-Clark Australia Pty. Limited in 1990.

PART II

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

The dividend and market price data included in Note 16 to the Consolidated Financial Statements, and the information set forth under the captions "Dividends and Dividend Reinvestment Plan" and "Stock Exchanges" contained in the 1997 Annual Report to Stockholders are incorporated in this Item 5 by reference.

As of March 20,1998, the Corporation had 56,059 stockholders of record.

ITEM 6. SELECTED FINANCIAL DATA

(Millions of Dollars, except per share amounts)	Year Ended December 31 1997	1996	1995	1994	1993
Net Sales	$12,546.6	$13,149.1	$13,373.0	$11,627.9	$11,341.1
Restructuring and Other Unusual Charges (1)	481.1	--	1,440.0	--	378.9
Operating Profit (1)	1,303.2	2,053.7	213.0	1,277.1	734.5
Share of Net Income of Equity Companies (2)	157.3	152.4	113.3	110.5	76.1
Income from Continuing Operations Before Extraordinary Items (1)(2)	884.0	1,403.8	33.2	766.5	287.2
Net Income (1)(2)(3)(4)	901.5	1,403.8	33.2	753.8	231.0
Per Share Basis:					
Basic Earnings Per Share:					
Income from Continuing Operations Before Extraordinary Items (1)(2)	1.59	2.49	.06	1.38	.52
Net Income (1)(2)(3)(4)	1.62	2.49	.06	1.35	.42
Diluted Earnings Per Share:					
Income from Continuing Operations Before Extraordinary Items (1)(2)	1.58	2.48	.06	1.37	.51
Net Income (1)(2)(3)(4)	1.61	2.48	.06	1.34	.41
Cash Dividends Declared	.96	.92	.90	.88	.64
Cash Dividends Paid	.95	.92	.90	.88	.85
Total Assets	$11,266.0	$11,845.7	$11,439.2	$12,555.7	$13,210.4
Long-Term Debt	1,803.9	1,738.6	1,984.7	2,085.4	3,403.0
Stockholders' Equity	4,125.3	4,483.1	3,650.4	4,134.9	3,810.7

(1) In the fourth quarter of 1997, the Corporation announced a plan to restructure its worldwide operations ("Announced Plan"), the total pretax cost of which is approximately $810.0 million. Of the costs of the Announced Plan, $701.2 million was recorded as a charge against 1997 pretax income ("1997 Charge") or $503.1 million after income taxes, equity company effects and minority interests ($.91 per share). The remaining $108.8 million of costs related to the Announced Plan will be recorded in 1998 when notification is made to employees whose employment will be terminated or at the time other costs result in accruable expenses. Of the 1997 Charge, $220.1 million relates to the write-down of certain assets and inventories and has been charged to cost of products sold, and $481.1 million has been recorded as restructuring and other unusual charges in the income statement. Results for 1995 include a pretax charge of $1,440.0 million or $1,070.9 million after income taxes and minority interests ($1.92 per share) for the estimated costs of the merger with Scott Paper Company ("Scott"), for restructuring the combined operations, and for other unusual charges. Results for 1993 include a pretax charge of $378.9 million or $283.2 million after-tax ($.51 per share) for restructuring and other unusual charges.

(2) Share of net income of equity companies and net income for 1997 includes a net nonoperating gain of $16.3 million, or $.03 per share, relating to the sale of a portion of the tissue business of Kimberly-Clark de Mexico, S.A. de C.V. ("KCM"). The sale was required by the Mexican regulatory authorities following the merger of KCM and Scott's former Mexican affiliate. Also included is a nonoperating charge recorded by KCM in 1996 for restructuring costs related to its merger with Scott's former Mexican affiliate. The Corporation's share of the after-tax charge was $5.5 million, or $.01 per share. In 1995, net income of equity companies and net income includes a nonoperating charge of $38.5 million ($.07 per share) for foreign currency losses incurred by the Corporation's Mexican affiliates on the translation of the net exposure of U.S. dollar-denominated liabilities into pesos. In 1994, peso losses charged to net income of equity companies and net income was $39.2 million ($.07 per share). The translation losses are related to the devaluation of the Mexican peso in December 1994 and subsequent periods.

(3) Results for 1994 include income of a discontinued operation, net of taxes, of $48.4 million ($.08 per share) related to S.D. Warren Company, a former printing and publishing papers subsidiary, which was sold on December 20, 1994. Results for 1993 include a loss of a discontinued operation, net of taxes, of $46.6 million ($.09 per share).

(4) In 1997, the Corporation sold its equity interest in SPL, a 50.1 percent-owned Canadian tissue subsidiary, and its Coosa Pines, Alabama, newsprint and pulp manufacturing mill, together with related woodlands. Also, the Corporation recorded impairment losses on the planned sales of a pulp manufacturing mill in Miranda, Spain; a recycled fiber facility in Oconto Falls, Wisconsin; and a tissue converting facility in Yucca, Arizona; and on an integrated pulp making facility in Everett, Washington. These transactions were aggregated and reported as extraordinary gains totaling $17.5 million, or $.03 per share. Results for 1994 and 1993 include an extraordinary loss related to the early extinguishment of debt of $61.1 million ($.11 per share) and $9.6 million ($.01 per share), respectively.

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 1997 Annual Report to Stockholders is incorporated in this Item 7 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 1997 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 1998 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 1998 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 1998 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 1998 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, 1997 and 1996, and the related Consolidated Income Statement and Consolidated Cash Flow Statement for the years ended December 31, 1997, 1996 and 1995, 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 1997 Annual Report to Stockholders. In addition, related reports of Deloitte & Touche LLP and other auditors are included herein.

2. Financial statement schedule:

The following information is filed as part of this Form 10-K and should be read in conjunction with the financial statements contained in the 1997 Annual Report to Stockholders.

Independent Auditors' Reports

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

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

3. Exhibits:

Exhibit No. (3)a. Restated Certificate of Incorporation, dated June 12, 1997, incorporated by reference to Exhibit No. (3)a to the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997.

Exhibit No. (3)b. By-Laws, as amended November 22, 1996, incorporated by reference to Exhibit No. 4.2 of the Corporation's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on December 6, 1996 (File No. 33-17367).

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

Exhibit No. (10)a. Management Achievement Award Program, as amended and restated as of January 1, 1998.

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

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

Exhibit No. (10)d. 1986 Equity Participation Plan, as amended effective November 20, 1997.

Exhibit No. (10)e. 1992 Equity Participation Plan, as amended effective November 20, 1997.

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

Exhibit No. (10)g. First Amendment to Deferred Compensation Plan, effective as of November 22, 1996, incorporated by reference to Exhibit No. (10)g of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

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

Exhibit No. (10)i. Supplemental Benefit Plan to Salaried Employees' Retirement Plan, 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)j. 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)k. Retirement Contribution Excess Benefit Program, amended as of January 1, 1997.

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 1997.

Exhibit No. (13). Portions of the Corporation's 1997 Annual Report to Stockholders incorporated by reference in this Form 10-K.

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

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

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

Exhibit No. (24). Powers of Attorney.

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

(B) REPORTS ON FORM 8-K

(i) The Corporation filed a Current Report on Form 8-K, dated October 30, 1997, to report its 1997 third quarter earnings.

(ii) The Corporation filed a Current Report on Form 8-K, dated November 25, 1997, to report the 1997 Restructuring Plan.

(iii) The Corporation filed a Current Report on Form 8-K, dated January 30, 1998, to report its 1997 fourth quarter and annual earnings.

(iv) The Corporation filed a Current Report on Form 8-K, dated February 27, 1998, to report its 1997 audited financial statements.

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 26, 1998

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 26, 1998
/s/ John W. Donehower John W. Donehower	Senior Vice President and Chief Financial Officer (principal financial officer)	March 26, 1998
/s/ Randy J. Vest Randy J. Vest	Vice President and Controller (principal accounting officer)	March 26, 1998

Directors

John F. Bergstrom	Louis E. Levy
Pastora San Juan Cafferty	Frank A. McPherson
Paul J. Collins	Linda Johnson Rice
Robert W. Decherd	Wolfgang R. Schmitt
William O. Fifield	Randall L. Tobias
Claudio X. Gonzalez	

By: /s/ O. George Everbach March 26, 1998

O. George Everbach, Attorney-in-Fact

INDEPENDENT AUDITORS' REPORT

KIMBERLY-CLARK CORPORATION:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Kimberly-Clark Corporation and Subsidiaries for the year ended December 31, 1995, and have issued our report thereon dated January 30, 1996. The financial statements of Scott Paper Company, a wholly-owned subsidiary of Kimberly-Clark Corporation, were audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements referred to above, insofar as it relates to the amounts included for Scott Paper Company (except for the provision for restructuring and other unusual charges described below), is based on the report of such other auditors. We have also audited the accompanying schedule of the Scott Paper Company provision for restructuring and other unusual charges of $827.0 million, the related tax benefit of $218.0 million and the related effect on minority owners' share of subsidiaries' net income of $.8 million for the year ended December 30, 1995. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the schedule based on our audit.

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

In our opinion, the schedule referred to above presents fairly, in all material respects, the Scott Paper Company provision for restructuring and other unusual charges and the related tax benefits for the year ended December 30, 1995 in conformity with generally accepted accounting principles.

/S/ DELOITTE & TOUCHE LLP
- - --------------------------

DELOITTE & TOUCHE LLP

Dallas, Texas
January 30, 1996

INDEPENDENT AUDITORS' REPORT

KIMBERLY-CLARK CORPORATION:

We have audited the consolidated financial statements of Kimberly-Clark Corporation as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, and have issued our report thereon dated January 26, 1998; such consolidated financial statements and report are included in your 1997 Annual Report and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Kimberly-Clark Corporation, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits. The financial statements and financial statement schedule of Kimberly-Clark Tissue Company (formerly Scott Paper Company), a wholly-owned subsidiary of Kimberly-Clark Corporation, for the year ended December 31, 1995, were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for Kimberly-Clark Tissue Company, are based solely on the report of such other auditors.

In our opinion, based on our audits and the report of other auditors referred to above, the consolidated financial statement schedule listed in Item 14, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/S/ DELOITTE & TOUCHE LLP
- - ----------------------------

DELOITTE & TOUCHE LLP

Dallas, Texas
January 26, 1998

INDEPENDENT AUDITORS' REPORT

KIMBERLY-CLARK CORPORATION:

We have audited the consolidated statements of operations, changes in stockholders' equity, and cash flows for the year ended December 30, 1995 of Scott Paper Company and its subsidiaries (not presented herein). We have also audited the schedule of valuation and qualifying accounts of Scott Paper Company and its subsidiaries as of and for the year ended December 30, 1995 (not presented herein). These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We did not audit the provision for restructuring and other unusual charges of $827.0 million, the related tax benefit of $218.0 million and related effect on minority owners' share of subsidiaries' net income of $0.8 million for the year ended December 30, 1995, nor the related effect of $17.9 million on additional paid in capital as of December 30, 1995. Such provision and related accounts were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the aforementioned amounts, is based solely on the report of the other auditors.

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

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

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

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

COOPERS & LYBRAND L.L.P.

2400 Eleven Penn Center
Philadelphia, PA
January 30, 1996

SCHEDULE II   Kimberly-Clark Corporation and Subsidiaries
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(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 DISCOUNTS ALLOWED	BALANCE AT END OF PERIOD
DECEMBER 31, 1997					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	$ 33.0	$ 12.9	$ 1.6	$ 9.7(b)	$ 37.8
Allowances for sales discounts	13.3	174.5	7.8	173.5(c)	22.1
Total	$ 46.3	$ 187.4	$ 9.4	$ 183.2	$ 59.9

DECEMBER 31, 1996					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	$ 54.0	$ 13.1	$ .1	$ 34.2(b)	$33.0
Allowances for sales discounts	30.7	181.4	-	198.8(c)	13.3
Total	$ 84.7	$ 194.5	$ .1	$ 233.0	$ 46.3
DECEMBER 31, 1995					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts	$ 23.5	$ 41.7	$ .8	$ 12.0(b)	$ 54.0
Allowances for sales discounts	22.1	201.7	.1	193.2(c)	30.7
Total	$ 45.6	$ 243.4	$ .9	$ 205.2	$ 84.7

(a) Primarily bad debt recoveries and the inclusion of Tecnol Medical Products, Inc. balances acquired in 1997
(b) Primarily uncollectible receivables written off
(c) Sales discounts allowed

INDEX TO DOCUMENTS FILED AS A PART OF THIS REPORT

DESCRIPTION

Consolidated financial statements, incorporated by reference

Independent Auditors' Reports, incorporated by reference

Independent Auditors' Reports

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

Exhibit No. (3)a. Restated Certificate of Incorporation, dated June 12, 1997, incorporated by reference to Exhibit No. (3)a to the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997.

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 as of January 1, 1998.

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

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

Exhibit No. (10)d. 1986 Equity Participation Plan, as amended effective November 20, 1997.

Exhibit No. (10)e. 1992 Equity Participation Plan, as amended effective November 20, 1997.

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

Exhibit No. (10)g. First Amendment to Deferred Compensation Plan, effective as of November 22, 1996, incorporated by reference to Exhibit No. (10)g of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

Exhibit No. (10)h. Outside Directors' Stock Compensation Plan,

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

Exhibit No. (10)i. Supplemental Benefit Plan to Salaried Employees' Retirement Plan, 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)j. 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)k. Retirement Contribution Excess Benefit Program, amended as of January 1, 1997.

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 1997.

Exhibit No. (13). Portions of the Corporation's 1997 Annual Report to Stockholders incorporated by reference in this Form 10-K.

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

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

Exhibit No. (24). Powers of Attorney.

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

Exhibit 10.1

KIMBERLY-CLARK CORPORATION

MANAGEMENT ACHIEVEMENT AWARD PROGRAM

AS AMENDED AND RESTATED AS OF JANUARY 1, 1998

MANAGEMENT ACHIEVEMENT AWARD PROGRAM

AS AMENDED AND RESTATED AS OF JANUARY 1, 1998

1. PURPOSE

This Management Achievement Award Program ("MAAP" or the "Plan") is amended and restated as of January 1, 1998. The purpose of MAAP is to further unite the interests of the stockholders of the Company and its key executives through:

(a) the annual establishment of Company objectives and the maintenance of a dividend level which are deemed by the Company's Board of Directors (the "Board") to be in the best short- and long-range interests of the Company, and

(b) the annual payment, or provision for future payment, of incentive compensation to each eligible participating key executive in the form of a cash award which is in an amount significantly above competitive base salary, provided his or her performance has meaningfully contributed to the attainment of Company objectives.

2. ELIGIBILITY

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

3. OBJECTIVE AREAS AND PERFORMANCE LEVELS

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

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

For each Objective there may be established performance levels ("Performance Level(s)") which shall consist of successively better standards or ranges taking into consideration actual progress in the calendar year in accomplishing the Objective(s). For each Objective there may be established Performance Levels under which the percentage of the incentive payout shall be determined by taking into consideration actual progress in the calendar year in achieving the Objective. A payment range, with a minimum and maximum payment, may be established for the Objective.

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

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

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

4. OBJECTIVE AREA WEIGHTINGS

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

5. ACCOUNTABILITY POINT VALUATION

Prior to the beginning of each calendar year, or as soon thereafter as reasonably practicable, the Board shall, after review by the Compensation Committee, establish the Target Value of each Accountability Point as established under the Salary Program. The Board shall also establish a maximum payout stated as a percentage of such Target Value. Such valuations shall at all times take into account the basic purposes of MAAP, and shall in no event result in the potential obligation to pay incentive compensation which, in the Board's opinion, is not in the best short- and long-range interests of the Company.

6. CONTROL MEASURES

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

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

7. ASCERTAINMENT OF PERFORMANCE LEVELS

The Performance Level actually attained with respect to any Objective will be stated as a percentage of the Target Value.

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

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

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

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

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

8. AMOUNT OF INCENTIVE COMPENSATION

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

(a) the Percentage Weighting applicable to that Objective Area,

(b) the value of an Accountability Point (as established under the Salary Program) which applies as a consequence of the Performance Level attained in that area, and

(c) the Accountability Points assigned to the position.

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

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

9. ADJUSTMENT OF AWARD

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

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

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

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

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

10. PAYMENT OF AWARDS

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

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

11. ADMINISTRATION AND INTERPRETATION

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

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

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

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

MAAP is hereby amended and restated effective as of January 1, 1998.

Exhibit 10.4

KIMBERLY-CLARK CORPORATION
1986 EQUITY PARTICIPATION PLAN
(AS AMENDED EFFECTIVE NOVEMBER 20, 1997)

1. PURPOSE

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

2. EFFECTIVE DATE

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

3. ADMINISTRATION

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

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

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

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

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

4. ELIGIBILITY

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

5. FORMS OF AWARDS

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

6. PARTICIPATION SHARES

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

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

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

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

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

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

(d) Dividend Maintenance. No Dividend Shares shall be credited to a Participant's Account in any quarter (i) in which the total cash dividends declared per share of Common Stock are less than $.62, or (ii) in which the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year, except that in the final three quarters of 1987 and thereafter the determination of whether the total cash dividends per share of Common Stock are less than in the immediately preceding year shall be made after adjustment for the two-for-one stock split which occurred in 1987, the two-for-one stock split which occurred in 1992, and the two-for-one stock split which was declared on February 20, 1997, in accordance with generally accepted accounting principles. When total cash dividends declared per share of Common Stock are less than total cash dividends declared per share of common Stock in the same quarter of the immediately preceding year as described in clause (ii) immediately above, the book value of each Participation Share held by a Participant shall be reduced by an amount equal to the difference between the cash dividend declared in such immediately preceding quarter less the cash dividend declared in the quarter the cash dividend is reduced. This subsection 6(d) shall be inoperative during such fiscal years of the Corporation as the Committee in its discretion shall determine.

(e) Adjustments. The Committee may adjust Book Value, for purposes of the Plan, to preserve the benefit to the Participant and the Corporation contemplated hereby if, in the opinion of the Committee after consultation with the Corporation's independent accountants, changes in the Corporation's accounting policies, acquisitions, divestitures or other unusual or extraordinary transactions or events have materially affected the Corporation's net income, book value, shares of Common Stock outstanding, or stockholders' equity (collectively, the "Events"), provided that any decisions or actions of the management of the Corporation which resulted in an Event were made or taken in the best interests of the Corporation's stockholders. To preserve the benefit to the Participant and the Corporation contemplated hereby, if a cash dividend is declared in any quarter and the payment date for such cash dividend is later than the immediately subsequent quarter, then such cash dividend will be deemed to be declared in the quarter immediately preceding the payment date for all purposes of this Plan, as of the first date the Board meets in such quarter, or if the Board does not meet in such quarter, on the first business day of such quarter, including, but not limited to, the determination of (i) Book Value in subsection 6(a), (ii) Dividend Shares in subsection 6(c) and (iii) whether the total cash dividends declared per share of Common Stock in a quarter is less than $.155 or whether the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year in subsection 6(d).

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

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

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

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

7. STOCK OPTIONS

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

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

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

(c) Limitations on Exercise

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

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

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

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

(f) Exercise; Notice Thereof. Options shall be exercised by delivering to the Corporation, at the office of the Treasurer at the Dallas World Headquarters, written notice of the number of shares with respect to which Option rights are being exercised and by paying in full the Option Price of the shares at the time being acquired.

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

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

(h) Limitations on Incentive Stock Option Grants.

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

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

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

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

8. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS

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

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

9. SHARES SUBJECT TO THE PLAN

The number of shares of common Stock available for option and sale under the Plan and the number of Participation Shares which may be awarded shall not exceed 16,000,000 in the aggregate, of which not more than 12,000,000 shall be available for option and sale. If an Option ceases to be exercisable in whole or in part by reason of expiration of time permitted for its exercise, termination of employment of a Participant who has been granted an Option, cancellation, surrender, or for any other reason, the shares which had been subject to such Option shall continue to be available for Options or Participation Share awards under the Plan. The shares of Common Stock subject to the Plan may consist in whole or in part of authorized but unissued shares or of treasury shares, as the Board of Directors may from time to time determine. Participation Shares which are retired through forfeiture or maturity shall again be available for awards of Participation Shares or grants of Options under the Plan.

10. INDIVIDUAL LIMITS

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

11. CHANGES IN CAPITALIZATION

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

12. EFFECT ON OTHER PLANS

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

13. TERM OF THE PLAN

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

14. GENERAL PROVISIONS

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

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

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

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

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

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

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

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

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

(j) Election to Defer Receipt. Under rules established by the Committee in its sole and absolute discretion, the Committee may permit a Participant to elect to defer the receipt of all or any portion of amounts which may otherwise become payable under subsection 6(c). This election shall be evidenced by a letter from the Participant to the Committee, which letter shall be signed by the Participant, received by the Company prior to the Participant's termination of employment, and accepted by the Committee before the Maturity Date. The period of deferral specified in the letter shall be set forth in accordance with the rules of the Committee and may extend to a period following retirement. If accepted by the Committee, such letter may provide that the amount otherwise payable to the Participant shall be valued at the Maturity Date and earn interest from that date at a rate and in a manner determined from time to time by the Committee. After adjustment for any resulting interest, the deferred amount shall be paid at the date or dates specified in the Participant's letter, and such adjusted amount shall not be subject to forfeiture as otherwise provided in subsection 6(h). In the discretion of the Committee, the balance of a Participant's deferred amount may be paid earlier than the date or dates specified in the Participant's letter, but only in the case of severe financial hardship. Notwithstanding the foregoing, with the consent of the Committee, an election made prior to January 1, 1998 pursuant to this paragraph may be irrevocably modified by a Participant prior to the earliest of January 1, 1999, (ii) such Participant's termination of employment or (iii) the payment of the first installment pursuant to Committee rules.

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

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

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

Exhibit 10.5

KIMBERLY-CLARK CORPORATION
1992 EQUITY PARTICIPATION PLAN
(AS AMENDED EFFECTIVE NOVEMBER 20, 1997)

1. PURPOSE

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

2. EFFECTIVE DATE

The Plan was originally adopted effective as of April 24, 1992, upon approval by the stockholders of the Corporation at the 1992 Annual Meeting. The Plan as hereby amended and restated is adopted effective as of November 1, 1996, upon approval by the stockholders of the Corporation at the 1997 Annual Meeting.

3. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Plan.

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

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

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

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

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

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

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

"Severe Financial Hardship" means a severe financial hardship as defined in subsection 15(h) of this Plan.

"Stock Appreciation Right (SAR)" has the meaning set forth in subsection 8(j)(i) of this Plan.

"Total and Permanent Disability" means Totally and Permanently Disabled as defined in the Kimberly-Clark Corporation Salaried Employees' Retirement Plan.

4. ADMINISTRATION

The Plan and all Awards granted pursuant thereto shall be administered by the Committee. The Committee, in its absolute discretion, shall have the power to interpret and construe the Plan and any Award Agreements; provided, however, that no such action or determination may increase the amount of compensation payable that would otherwise be due in a manner that would result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section. Any interpretation or construction of any provisions of this Plan or the Award Agreements by the Committee shall be final and conclusive upon all persons. No member of the Board or the Committee shall be liable for any action or determination made in good faith.

Within 60 days following the close of each calendar year that the Plan is in operation, the Committee shall make a report to the Board. The report shall specify the employees who received Awards under the Plan during the prior year, the form and size of the Awards to the individual employees, and the status of prior Awards.

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

The Committee may authorize persons other than its members to carry out its policies and directives subject to the limitations and guidelines set by the Committee, except that: (a) the authority to grant Awards, the selection of officers and directors for participation and decisions concerning the timing, pricing and amount of a grant or Award shall not be delegated by the Committee; (b) the authority to administer Awards with respect to persons who are subject to section 16 of the Exchange Act shall not be delegated by the Committee; (c) any delegation shall satisfy all applicable requirements of rule 16b-3 of the Exchange Act, or any successor provision; and (d) no such delegation shall result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section. Any person to whom such authority is granted shall continue to be eligible to receive Awards under the Plan.

5. ELIGIBILITY

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

6. FORMS OF AWARDS

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

7. PARTICIPATION SHARES

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

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

(b) Maturation of Participation Shares. An Award of Participation Shares shall reach maturity at the close of the fiscal year (i) in which either the fifth or seventh anniversary, as determined by the Committee when the Award is granted, of the date the Award occurs, (ii) the Participant who holds such Award dies, Retires, or becomes Totally and Permanently Disabled, or (iii) the events described in subsection 9(a) occur, whichever is earlier (the "Maturity Date"). The Book Value at the Maturity Date shall be the Book Value as of the close of the fiscal year of the Corporation in which such Maturity Date occurs.

(c) Participation Share Payments. Each Participant shall be entitled to receive a payment equal to the sum of the Maturity Value and the Dividend Share Value for his or her Participation Share award, payable as provided in subsection 7(g). Such payment shall be payable either in cash, or partly in cash and up to 50% in Common Stock, as determined by the Committee when the Award is granted. Such payment in Common Stock shall be payable in the number of shares of Common Stock that could have been purchased with the amount equal to the sum of the Maturity Value and the Dividend Share Value for that portion of his or her Participation Share award which is payable in Common Stock, at the average of the Fair Market Value of shares of Common Stock on each business day during the month immediately preceding the month of such payment. A Participation Share award shall only be paid in Common Stock as provided above to the extent shares of Common Stock are available under section 10 hereof, with the remainder settled in cash. To the extent shares of Common Stock are not fully available under section 10 hereof to fully pay such portion of the Award in shares of Common Stock then the available shares of Common Stock shall be paid on a pro rata basis, with the remainder settled in cash.

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

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

(d) Dividend Maintenance. No Dividend Shares shall be credited to a Participant's Account in any quarter (i) in which the total cash dividends declared per share of Common Stock are less than $.205 or (ii) in which the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year, except that the determination of whether the total cash dividends per share of Common Stock are less than in the immediately preceding year shall be made after adjustment for the two-for-one stock split which occurred in 1992 and the two-for-one stock split which was declared on February 20, 1997, in accordance with generally accepted accounting principles. When total cash dividends declared per share of Common Stock are less than total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year as described above, the book value of each Participation Share held by a Participant shall be reduced by an amount equal to the difference between the cash dividend declared in such immediately preceding quarter less the cash dividend declared in the quarter the cash dividend is reduced.

(e) Adjustments. To preserve the benefit to the Participant and the Corporation contemplated hereby, stock repurchases (other than Common Stock transferred to the Corporation upon the exercise of an Option pursuant to subsection 8(f)) or changes in the Corporation's accounting policies during any fiscal year shall be automatically excluded for purposes of determining Book Value for purposes of this Plan for such fiscal year and for all future years with respect to any outstanding Participation Share Awards; provided, however, that the Committee shall have the discretion to waive any such exclusion that would have the effect of increasing Book Value (to the extent that such discretion does not result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section). To further preserve the benefit to the Participant and the Corporation contemplated hereby, if a cash dividend is declared in any quarter and the payment date for such cash dividend is later than the immediately subsequent quarter, then such cash dividend will be deemed to be declared in the quarter immediately preceding the payment date for all purposes of this Plan, as of the first date the Board meets in such quarter, or if the Board does not meet in such quarter, on the first business day of such quarter, including, but not limited to, the determination of (i) Book Value in subsection 7(a), (ii) Dividend Shares in subsection 7(c) and (iii) whether the total cash dividends declared per share of Common Stock in a quarter is less than $.205 or whether the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year in subsection 7(d).

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

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

(h) Termination of Employment. Except as provided in subsection 9(a), any Participation Shares or Dividend Shares credited to a Participant's Account shall be forfeited if the Participant is dismissed or leaves the service of the Corporation or Affiliate prior to the Maturity Date of the award for any reason other than death, Retirement or Total and Permanent Disability.

(i) Termination of Award. After the Corporation makes the cash payment provided for in subsection 7(c), any rights of the Participant (or the Participant's estate or beneficiaries) in the Participation Share award shall end.

8. STOCK OPTIONS

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

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

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

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

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

(e) Non-transferability. During the Participant's lifetime, Options shall be exercisable only by such Participant. Options shall not be transferable other than by will or the laws of descent and distribution upon the Participant's death. Notwithstanding anything in this subsection 8(e) to the contrary, at the same time as Nonqualified Stock Options are granted the Committee may also grant to designated Participants the right to transfer such Options, to the extent allowed under rule 16b-3 of the Exchange Act, subject to the terms and conditions of the Committee Rules on the date of grant.

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

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

(h) Limitations on Incentive Stock Option Grants.

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

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

(i) Options for Nonresident Aliens. In the case of any Option awarded to a Participant who is not a resident of the United States or who is employed by an Affiliate other than an Affiliate that is incorporated, or whose place of business is, in a State of the United States, the Committee may (i) waive or alter the conditions set forth in subsections 8(a) through 8(h) to the extent that such action is necessary to conform such Option to applicable foreign law, or (ii) take any action, either before or after the award of such Option, which it deems advisable to obtain approval of such Option by an appropriate governmental entity; provided, however, that no action may be taken hereunder if such action would (1) increase any benefits accruing to any Participants under the Plan, (2) increase the number of securities which may be issued under the Plan, (3) modify the requirements for eligibility to participate in the Plan, (4) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Exchange Act or the Code or (5) result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

(j) Election to Receive Cash Rather than Stock.

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

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

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

9. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS

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

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

10. SHARES SUBJECT TO THE PLAN

The number of shares of Common Stock available with respect to all Awards granted under this Plan shall not exceed 40,000,000 in the aggregate, of which not more than 40,000,000 shall be available for option and sale, subject to the adjustment provision set forth in section 12 hereof. The shares of Common Stock subject to the Plan may consist in whole or in part of authorized but unissued shares or of treasury shares, as the Board may from time to time determine. Participation Shares which are retired through forfeiture or maturity, other than those Participation Shares which are retired through the payment of Common Stock, and shares subject to Options which become ineligible for purchase will be available for Awards under the Plan to the extent permitted by section 16 of the Exchange Act (or the rules and regulations promulgated thereunder) and to the extent determined to be appropriate by the Committee. Shares of Common Stock which are distributed through the payment of Participation Share Awards pursuant to subsection 7(c) will not be available for Awards under the Plan.

11. INDIVIDUAL LIMITS

The maximum number of Participation Shares or shares of Common Stock covered by Options which may be granted to any Participant within any 2 consecutive calendar year period shall not exceed 1,000,000 in the aggregate. If an Option which had been granted to a Participant is canceled, the shares of Common Stock which had been subject to such canceled Option shall continue to be counted against the maximum number of shares for which Options may be granted to the Participant. In the event that the number of Participation Shares which may be awarded or Options which may be granted is adjusted as provided in the Plan, the above limits shall automatically be adjusted in the same ratio which reflects the adjustment to the number of Participation Shares or Options available under the Plan.

12. CHANGES IN CAPITALIZATION

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

13. EFFECT ON OTHER PLANS

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

14. TERM OF THE PLAN

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

15. GENERAL PROVISIONS

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

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

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

(d) Modification of Awards.

(1) The Committee may in its sole and absolute discretion, by written notice to a Participant, (i) limit or eliminate the ability of the Participant's Participation and Dividend Shares to generate additional Dividend Shares, and/or (ii) fix the Book Value of all or any portion of the Participant's existing Participation and existing or future Dividend Shares for the purposes of any payments that might be made under subsection 7(c) at their Book Value as of the end of the fiscal year of the Corporation in which such notice is dated so that no further appreciation occurs in such Book Value, and/or (iii) limit the period in which an Option may be exercised to a period ending at least three months following the date of such notice, and/or (iv) limit or eliminate the number of shares subject to Option after a period ending at least three months following the date of such notice. Notwithstanding anything in this subsection 15(d) to the contrary, the Committee may not take any action to the extent that such action would result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

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

(3) The number of Interest Credits to be credited to a Participant's Account for each fiscal quarter of the Corporation ending after the date as of which the Book Value of such Participant's Participation Shares or Dividend Shares is fixed shall be determined as follows. The total cash dividend declared per share of Common Stock during such quarter (but subsequent to the date of the award in the case of Participation Shares and subsequent to the date of crediting in the case of Dividend Shares) shall be multiplied by the total of the Participation Shares, Dividend Shares and Interest Credits in the Participant's Account. The amount so determined shall be divided by the Book Value of one share of Common Stock as of the close of such fiscal quarter. The quotient shall represent the number of full and fractional Interest Credits credited to such Participant's Account for that quarter.

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

(f) Inalienability of Benefits and Interest. Except as provided in subsections 8(e) and 15(a), no benefit payable under or interest in the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void and no such benefit or interest shall be in any manner liable for or subject to debts, contracts, liabilities, engagements, or torts of any Participant or beneficiary.

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

(h) Election to Defer Receipt.

(1) A Participant may, with the consent of the Committee, elect to defer the receipt of all or any portion of amounts which may otherwise become payable under subsection 7(c). A Participant's receipt of any portion of the amount payable with respect to one or more outstanding Participation Share awards shall be deferred if, prior to the Maturity Date of any such award, or if earlier, such Participant's termination of employment, such Participant irrevocably elects such deferral by written notice to the Committee signed by the Participant and delivered to the Committee, and the Committee consents to such deferral. Such notice must clearly specify the manner of distribution described in paragraph (2) below which shall apply with respect to such deferred amounts. After adjustment for any resulting interest, the deferred amount shall be paid at the date or dates specified in the Participant's letter, and such adjusted amount shall not be subject to forfeiture as otherwise provided in subsection 7(h). Notwithstanding the foregoing, with the consent of the Committee, an election made prior to January 1, 1999 pursuant to this paragraph may be irrevocably modified by a Participant prior to the earlier of (i) January 1, 1999, (ii) such Participant's termination of employment or (iii) the payment of the first installment pursuant to subsection 15(h)(2) below.

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

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

(ii) Upon written application by a Participant or his legal representative stating that severe financial hardship will result from continued deferral, the Committee in its sole discretion may authorize payment of such Participant's deferred amounts prior to the date specified in the written notice described in subparagraph (h)(1) above. For purposes of this Plan, a "severe financial hardship" is an unanticipated emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship to the individual if the emergency distribution were not permitted. Cash needs arising from foreseeable events, such as the purchase of a residence or education expenses for children shall not be considered the result of a severe financial hardship. For purposes of this Plan, a "severe financial hardship" is limited to an event described in Treasury Regulation section 1.401(k)-1(d)(2)(iv)(A)(1) or (4). For purposes of this Plan, a distribution is in "the amount necessary to satisfy the emergency" only if the requirements of Treasury Regulation section 1.401(k)-1(d)(2)(iv)(B) are satisfied. A Participant must provide the Committee with substantiation of any such claim of severe financial hardship.

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

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

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

(k) Withholding. The Committee shall require the withholding of all taxes as required by law. In the case of payments of Awards in shares of Common Stock or other securities, withholding shall be as required by law and in the Committee Rules. A Participant may elect to have any portion of the federal, state or local income tax withholding required with respect to an exercise of a Nonqualified Stock Option satisfied by tendering to the Corporation shares of Common Stock, which, in the absence of such an election, would have been issued to such Participant in connection with such exercise. In the event that the value of the shares of Common Stock tendered to satisfy the withholding tax required with respect to an exercise exceeds the amount of such tax, the excess of such market value over the amount of such tax shall be returned to the Participant, to the extent possible, in whole shares of Common Stock, and the remainder in cash. The value of a share of Common Stock tendered pursuant to this subsection 15(k) shall be the Fair Market Value of the Common Stock on the date on which such shares are tendered to the Corporation. An election pursuant to this subsection 15(k) shall be made in writing and signed by the Participant. An election pursuant to this subsection 15(k) is irrevocable. A Participant who exercises an option and who is required to report to the Securities and Exchange Commission under section 16(a) of the Exchange Act (an "Insider") may satisfy the income tax withholding due in respect of such exercise pursuant to this subsection 15(k) only if the Insider also satisfies an exemption under section 16(a) of the Exchange Act (or the rules or regulations promulgated thereunder) for such withholding.

(l) Amendments. The Committee may at any time amend, suspend, or discontinue the Plan or alter or amend any or all Awards and Award Agreements under the Plan to the extent (1) permitted by law, (2) permitted by the rules of any stock exchange on which the Common Stock or any other security of the Corporation is listed, (3) permitted under applicable provisions of the Securities Act of 1933, as amended, the Exchange Act (including rule 16b-3 thereof) and (4) that such action would not result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section (including the rules and regulations promulgated thereunder); provided, however, that if any of the foregoing requires the approval by stockholders of any such amendment, suspension or discontinuance, then the Committee may take such action subject to the approval of the stockholders. Except as provided in subsections 8(i) and 15(d) no such amendment, suspension, or termination of the Plan shall, without the consent of the Participant, adversely alter or change any of the rights or obligations under any Awards or other rights previously granted the Participant under the Plan.

Exhibit 10.11

KIMBERLY-CLARK CORPORATION
RETIREMENT CONTRIBUTION EXCESS BENEFIT PROGRAM

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

ARTICLE 1

Definitions

Each term which is used in this Program and also used in the RCP shall have the same meaning herein as the RCP.
Notwithstanding the above, for purposes of this Program, where the following words and phrases appear in this Program they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

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

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

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

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

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

1.6 "Effective Date" means January 1, 1997.

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

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

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

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

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

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

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

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

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

ARTICLE 2

Eligibility

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

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

ARTICLE 3

Individual Account

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

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

3.3 After June 30, 1997, each Participant's Retirement Contributions under this Program shall be considered allocated to the Investment Funds in the same proportion as the Participant has elected under the RCP pursuant to Section 6.1 thereof.

3.4 After June 30, 1997, reallocations between Investment Funds shall be considered made at the same time, in the same proportionate amount, and to and from the same Investment Funds under this Program as those made by the Participant under Section 6.3 of the RCP; provided, however, that if such Participant has no account balance under the RCP, the Participant may make separate reallocation elections hereunder in a manner prescribed by the Committee.

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

ARTICLE 4
Distributions of Benefit Supplement

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

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

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

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

4.4 Form of Benefit Payment.

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

(b) In the event that a Participant retires as described in Section 4.1, the Participant may, with the consent of the Committee, elect an installment form of benefit payments. The written request must be made prior to December 31 of the calendar year preceding the Participant's Retirement Date. The Committee may, in its sole discretion, grant the Participant's request.

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

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

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

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

4.6 Change of Control and Lump Sum Payments

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

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

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

4.7 Change in Credit Rating and Lump Sum Payments.

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

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

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

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

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

(a) the spouse consents in writing to such designation;

(b) the spouse's consent acknowledges the effect of such designation, which consent shall be irrevocable; and

(c) the spouse executes the consent in the presence of either a Plan representative designated by the Committee or a notary public.

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

ARTICLE 5

Vesting

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

ARTICLE 6

Funding

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

ARTICLE 7

Administration

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

ARTICLE 8

Amendment and Termination

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

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

(a) is required by law, or

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

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

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

ARTICLE 9

Miscellaneous

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the Corporation has adopted this Kimberly-Clark Corporation Retirement Contribution Excess Benefit Program effective as of January 1, 1997.

KIMBERLY-CLARK CORPORATION

By:__________________________________

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

Exhibit 12

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(DOLLAR AMOUNTS IN MILLIONS)

	Year Ended December 31				
	1997	1996	1995	1994	1993
Consolidated Companies					
Income before taxes (a)	$ 1,187.5	$ 2,002.3	$ 104.4	$ 1,147.9	$ 492.4
Interest expense	164.8	186.7	245.5	270.5	249.5
Interest factor in rent expense............	49.8	45.7	36.1	41.9	42.7
Amortization of capitalized interest........	9.0	8.6	9.7	9.2	8.1
Equity Affiliates					
Share of 50%-owned:					
Income before income taxes	51.2	49.3	40.6	48.0	35.0
Interest expense..........................	7.1	9.5	18.5	15.3	13.7
Interest factor in rent expense...........	.7	.7	.8	.7	.8
Amortization of capitalized interest......	.6	.7	.7	.6	.6
Distributed income of less than 50%-owned	62.5	48.4	25.1	41.4	41.4
Earnings	$ 1,533.2	$ 2,351.9	$ 481.4	$ 1,575.5	$ 884.2
Consolidated Companies					
Interest expense	$ 164.8	$ 186.7	$ 245.5	$ 270.5	$ 249.5
Capitalized interest	17.0	13.9	8.8	20.6	28.4
Interest factor in rent expense	49.8	45.7	36.1	41.9	42.7
Equity Affiliates					
Share of 50%-owned:					
Interest and capitalized interest.........	7.5	9.5	18.9	15.4	13.8
Interest factor in rent expense	.7	.7	.8	.7	.8
Fixed charges	$ 239.8	$ 256.5	$ 310.1	$ 349.1	$ 335.2
Ratio of earnings to fixed charges(a)	6.39	9.17	1.55	4.51	2.64

Note: The Corporation has provided Midwest Express Airlines, Inc., its former commercial airline subsidiary, with a five-year $20 million secondary revolving credit facility for use in the event Midwest Express does not have amounts available for borrowing under its revolving bank credit facility. No drawings have been made on these facilities. S.D. Warren was sold on December 20, 1994, and is reflected as a discontinued operation in the consolidated income statement. The Corporation is contingently liable as guarantor, or directly liable as the original obligor, for certain debt and lease obligations of S.D. Warren Company. 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) The ratio of earnings to fixed charges includes pretax charges of $701.2 million in 1997, $1,440.0 million in 1995 and $378.9 million in 1993 for the 1997 Charge and restructuring and other unusual charges in 1995 and 1993. Excluding these charges, the ratio of earnings to fixed charges was 9.32 in 1997, 6.20 in 1995 and 3.77 in 1993.

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

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

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

1997 Restructuring and Other Unusual Charges

- In the fourth quarter of 1997, the Corporation announced a plan to restructure its worldwide operations ("Announced Plan"), the total pretax cost of which is approximately $810.0 million. The Announced Plan is expected to reduce the Corporation's operating costs by approximately $200 million annually in the year 2000. In order to achieve these anticipated benefits, the Announced Plan requires the sale, closure or downsizing of 18 manufacturing facilities worldwide and a workforce reduction of approximately 5,000 employees. These actions will result in the consolidation of the Corporation's manufacturing operations into fewer, larger and more efficient facilities and in the elimination of excess production capacity, including more than 200,000 metric tons of high-cost tissue manufacturing capacity in North America and Europe. Excluding the eliminated facilities, the Corporation believes that it has sufficient productive capacity to support its existing operations and expects to add low-cost capacity as needed to support future growth.

- In conjunction with the Announced Plan, the Corporation recorded a 1997 pretax charge of $701.2 million ("1997 Charge"). The remaining $108.8 million of costs related to the Announced Plan will be recorded in 1998 when notification is made to employees whose employment will be terminated or at the time other costs result in accruable expenses. Of the 1997 Charge, $220.1 million relates to the write-down of certain assets and inventories and has been charged to cost of products sold, and $481.1 million has been recorded as restructuring and other unusual charges in the Consolidated Income Statement. Of the $220.1 million charged to cost of products sold, approximately 31 percent relates to Personal Care Products and approximately 67 percent relates to Tissue-Based Products. Approximately 66 percent relates to North American operations and approximately 15 percent relates to European operations.

Additional information concerning the 1997 Charge is contained in Note 2 to the Consolidated Financial Statements. The effect of the 1997 Charge on cash flow is discussed under "Liquidity and Capital Resources" elsewhere in this Management's Discussion and Analysis.

Of the 1997 Charge, $119.1 million has been utilized through December 31, 1997, and the balance of $582.1 million is expected to be substantially utilized in 1998. At December 31, 1997, the remaining reserves related to the 1997 Charge and the $108.8 million of related reserves to be recorded in 1998 are estimated to be adequate to cover the remaining costs of the Announced Plan.

The 1997 Charge decreased 1997 business segment and geographic operating profit as follows:

1997 CHARGE

($ Millions)	North America	Outside North America	Total
Personal Care Products	$ (134.4)	$ (60.9)	$ (195.3)
Tissue-Based Products	(276.8)	(220.1)	(496.9)
Newsprint, Paper and Other	(.7)	-	(.7)
	$ (411.9)	$ (281.0)	(692.9)
Unallocated			(8.3)
Total			$ (701.2)

The income tax benefit of the 1997 Charge is estimated at $190.2 million, or 27.1 percent of the pretax charge. This tax rate is lower than the U.S. statutory income tax rate primarily because no tax benefits were provided for certain costs related to operations in countries where the Corporation has income tax loss carryforwards for which valuation allowances have been provided. The 1997 Charge, net of applicable income taxes, equity company effects and minority interests, reduced 1997 net income by $503.1 million, or $.91 per share.

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

- On December 12, 1995, the Corporation merged with Scott Paper Company ("Scott"), a worldwide producer of sanitary tissue products, in a $9.4 billion tax-free reorganization accounted for as a pooling of interests. At the time of the merger, the Corporation implemented a comprehensive plan to integrate its operations with those of Scott. In conjunction with the integration plan, a pretax charge of $1,440.0 million was recorded in the fourth quarter of 1995 for the estimated costs of the merger, for restructuring the combined operations and for other unusual charges ("1995 Charge"). Additional information concerning the 1995 Charge is contained in Note 2 to the Consolidated Financial Statements. The 1995 Charge has been substantially utilized as of December 31, 1997.

- The income tax benefit of the 1995 Charge was $360.0 million, or 25 percent of the pretax charge. This tax rate is lower than the U.S. statutory income tax rate because no tax benefits were provided for certain costs and fees that are not deductible and other costs related to operations in countries where the Corporation has income tax loss carryforwards for which valuation allowances have been provided. The 1995 Charge, net of applicable income taxes and minority interests, reduced 1995 net income by $1,070.9 million, or $1.92 per share.

For a description of the Corporation's business segments and a summary of the business segment and geographic data that include the 1997 and 1995 Charges, see Note 17 to the Consolidated Financial Statements. However, for purposes of this Management's Discussion and Analysis, the 1997 Charge is shown separately in the following business segment and geographic presentations to facilitate a meaningful discussion of ongoing operations. In addition, the 1995 Charge has been excluded from all presentations involving comparison of 1996 versus 1995 data.

ANALYSIS OF CONSOLIDATED OPERATING RESULTS - 1997 COMPARED WITH 1996
By Business Segment

	Net Sales				Operating Profit				
			% Change	% OF 1997			% Change	% Return on Sales	
($ Millions)	1997	1996	vs. 1996	CONSOLIDATED	1997	1996	vs. 1996	1997	1996
Personal Care Products	$ 5,234.8	$ 4,837.8	+ 8.2%	41.7%	$ 969.1	$ 791.3	+22.5%	18.5%	16.4%
Tissue-Based Products	6,611.5	7,372.8	- 10.3	52.7	904.4	1,085.2	-16.7	13.7	14.7
Newsprint, Paper and Other	753.5	1,015.4	- 25.8	6.0	168.7	211.8	-20.3	22.4	20.9
1997 Charge	-	-		-	(701.2)	-			
Adjustments	(53.2)	(76.9)		(.4)	(37.8)	(34.6)			
Consolidated.......	$ 12,546.6	$ 13,149.1	- 4.6%	100.0%	$ 1,303.2	$ 2,053.7	-36.5%	10.4%	15.6%

By Geography

	Net Sales				Operating Profit				
			% Change	% OF 1997			% Change	% Return on Sales	
($ Millions)	1997	1996	vs. 1996	CONSOLIDATED	1997	1996	vs. 1996	1997	1996
North America	$ 8,533.9	$ 9,001.8	-5.2%	68.0%	$1,762.1	$1,736.0	+ 1.5%	20.6%	19.3%
Outside North America	4,320.3	4,485.3	-3.7	34.4	280.1	352.3	- 20.5	6.5	7.9
1997 Charge	-	-		-	(701.2)	-			
Adjustments	(307.6)	(338.0)		(2.4)	(37.8)	(34.6)			
Consolidated	$ 12,546.6	$ 13,149.1	-4.6%	100.0%	$ 1,303.2	$ 2,053.7	- 36.5%	10.4%	15.6%

Notes:

Certain 1996 data has been reclassified in the geographic presentation to conform to the 1997 presentation.

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

Commentary:

Consolidated net sales were 4.6 percent lower than in 1996. In 1996, the Corporation divested certain businesses to satisfy U.S. and European regulatory requirements associated with the Scott merger, and in 1997, it divested a noncore pulp and newsprint facility located in Coosa Pines, Alabama ("Coosa") and sold its interest in Scott Paper Limited ("SPL"). Excluding revenues from these businesses in both years, consolidated net sales remained essentially flat. Sales volumes, however, increased nearly 5 percent. Although the preceding tables include results of divested businesses, in order to facilitate a meaningful discussion, such results have been excluded from the following sales commentary.

o Worldwide sales of personal care products increased more than 10 percent, and sales volumes grew more than 14 percent, with nearly all businesses in this segment participating in the improved sales volumes. Important contributors to the improved sales volumes were training and youth pants, professional health care products, wet wipes, adult care products, disposable diapers and feminine care products in North America and disposable diapers in Europe, Latin America and the Asia/Pacific region. Diaper volume resulting from acquisitions in France, Spain, Portugal and Brazil accounted for about 30 percent of the sales volume increase in personal care products.

o Worldwide sales of tissue-based products declined 6 percent, primarily due to lower selling prices and changes in currency exchange rates in Europe and the Far East. Sales volumes declined less than 1 percent. Increased sales volumes in the U.S., Latin America and the Asia/Pacific region were offset by lower sales volumes in Europe.

o On an overall basis, selling prices were 1.6 percent lower than in 1996, primarily due to lower prices for tissue-based products worldwide.

o Changes in currency exchange rates reduced consolidated net sales 2.4 percent in 1997.

Excluding the 1997 Charge, operating profit declined 2.4 percent in absolute terms, but increased to 16.0 percent from 15.6 percent in 1996 as a percentage of net sales. Excluding the divested businesses in both years and the 1997 Charge, operating profit increased 2.6 percent. The operating profit increase was attributable to the sales volume increases, manufacturing efficiencies and lower pulp costs. These improvements were partially offset by the lower selling prices, heightened competition in Europe and the transitional effects of strategic changes made in the Corporation's North American away-from-home business. The following operating profit commentary excludes the results of divested businesses in both years.

o Cost reductions and manufacturing efficiencies were achieved in the North American personal care and consumer tissue businesses.

o Operating profit was adversely affected by the transitional effects of strategic changes related to the combination of Kimberly-Clark's and Scott's away-from-home businesses in North America, which are expected to improve the ongoing profitability of this business. The transition resulted in higher costs in 1997 and a negative impact on operating profit of approximately $75 million.

o Marketing costs were lower in the North American personal care and consumer tissue businesses, but were higher in Latin America, primarily to support business expansions.

o General expenses were higher principally as a result of business expansions outside North America.

o Changes in currency exchange rates reduced consolidated operating profit by approximately $8 million in 1997.

Additional Income Statement Commentary:

o Interest expense declined primarily as a result of lower average debt levels.

o The Corporation's effective income tax rate was 36.5 percent in 1997 compared with 35.0 percent in 1996. Excluding the 1997 Charge, the Corporation's effective income tax rate for

1997 was 33.0 percent. The lower effective tax rate is primarily due to additional tax planning opportunities, some of which arose from the Scott merger.

o Other income in 1997 includes a pretax nonoperating gain on the sale of the Corporation's interest in Ssangyong Paper Co., Ltd. ("Ssangyong") of Korea. This transaction resulted in an after-tax gain of $.03 per share.

o Other income in 1996 includes a net pretax nonoperating gain from regulatory divestitures required in connection with the Scott merger and from the sale of the Corporation's remaining interest in Midwest Express Holdings, Inc. These transactions resulted in a net after-tax gain of $.13 per share.

o The Corporation's 1997 share of equity company net income includes a net nonoperating gain of $16.3 million, or $.03 per share, relating to the sale of a portion of the tissue business of Kimberly-Clark de Mexico, S.A. de C.V. ("KCM") to meet Mexican regulatory requirements in connection with KCM's merger with Scott's former Mexican affiliate, Compania Industrial de San Cristobal S.A. de C.V. ("Cristobal"). Also included in the Corporation's share of 1997 equity company net income is $2.2 million of the 1997 Charge. In 1996, the operations of Cristobal were restructured to eliminate, among other things, duplicate capacity and to satisfy regulatory requirements. The Corporation's share of KCM's after-tax restructuring charge in 1996 was $5.5 million, or $.01 per share. Excluding these unusual items in both years, the Corporation's share of equity company net income declined 9.3 percent. The decline is attributable to KCM. Although KCM's sales and operating profit showed year-to-year increases of more than 5 and 8 percent, respectively, the year-to-year comparison of the Corporation's share of KCM's net income was adversely affected by an unusually low effective tax rate in 1996 and by the required change to hyperinflationary accounting for Mexican operations in 1997. This accounting change had a negative effect on net earnings reported by KCM in 1997, the Corporation's share of which was approximately $12 million.

o In 1997, minority owners' share of subsidiaries' net income includes $10.1 million attributable to other owners' share of the 1997 Charge. Excluding this share of the 1997 Charge, minority owners' share of subsidiaries' net income declined about 25 percent. The decline is primarily due to the sale of the Corporation's interest in SPL and increased ownership in certain subsidiaries in Central America in 1997.

o In March 1997, the Corporation sold Coosa for approximately $600 million in cash. Also, in the first quarter of 1997, the Corporation recorded impairment losses on the planned disposal of a pulp manufacturing mill in Miranda, Spain; a recycled fiber facility in Oconto Falls, Wisconsin; and a tissue converting facility in Yucca, Arizona; and on an integrated pulp making facility in Everett, Washington. These impairment losses totaled $111.5 million before income tax benefits. In June 1997, the Corporation completed the sale of its interest in SPL for approximately $127 million. Accounting regulations require that certain transactions following a business combination that was accounted for as a pooling of interests be reported as extraordinary items. Accordingly, the above described transactions have been aggregated and reported as extraordinary gains totaling $17.5 million, net of applicable income taxes of $38.4 million. The high effective income tax rate on the extraordinary gains is due to income tax loss carryforwards in Spain which precluded the current recognition of the income tax benefit on the Miranda impairment loss and the tax basis in SPL being substantially lower than the carrying amount of the investment in the financial statements. The extraordinary gains were equal to $.03 per share.

o Excluding the 1997 Charge, the nonoperating gains in both years, the extraordinary gains in 1997, and the Corporation's share of KCM's 1996 restructuring charge, earnings per share increased 3.0 percent to $2.44 from $2.37 in 1996.

CHANGES IN 1996 NET SALES AND EARNINGS VERSUS 1995 (EXCLUDING THE 1995 CHARGE)

	% Change
Net sales	- 1.7%
Gross profit	+ 8.0
Operating profit	+24.2
Net income	+27.1
Basic net income per share	+25.8
Diluted net income per share	+26.5

o The net sales decline in 1996 was principally the result of the loss of revenues from businesses that were sold in 1996 to satisfy U.S. and European regulatory requirements associated with the Scott merger and other businesses that were divested in 1995. Excluding the net sales of these businesses in both years, consolidated net sales increased 4.6 percent and sales volumes increased 6.0 percent.

- Despite the loss of earnings of divested businesses, gross profit improved primarily because of higher sales volumes, merger synergies, manufacturing efficiencies for personal care products and lower pulp costs worldwide.

- Operating profit improved due to the higher gross margin coupled with merger synergies.

- Net income improved more than operating profit as a percentage of sales primarily because of reduced interest expense due to lower average debt levels, partially offset by a higher effective income tax rate in 1996 versus 1995 that resulted primarily from a reduction in 1996 taxable income in jurisdictions in which net operating loss carryforwards were available.

NET SALES TRENDS IN RECENT YEARS

($ Billions)	1997	1996	1995	1994
Principal products:				
Tissue	$ 6.1	$ 6.9	$ 6.9	$ 5.9
Diapers	2.7	2.3	2.1	1.7
All other	3.7	3.9	4.4	4.0
Consolidated	$ 12.5	$ 13.1	$ 13.4	$ 11.6

- Consolidated net sales have grown $900 million, or 7.8 percent, since 1994.

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

ANALYSIS OF OPERATING PROFIT AS A PERCENTAGE OF NET SALES

	1997	1996	1995
Net sales	100.0%	100.0%	100.0%
Less:			
Cost of products sold	63.5	62.7	66.0
Marketing expense	15.4	15.4	15.6
Research expense	1.7	1.6	1.5
General expense	5.1	4.7	4.5
Restructuring and other unusual charges	3.9	-	10.8
Operating profit	10.4%	15.6%	1.6%

- Excluding the portion of the 1997 Charge recorded in cost of products sold would reduce the cost of products sold as a percentage of net sales to 61.8 percent.

- Excluding the 1997 and 1995 Charges, operating profit margins have improved during each of the last two years.

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

LIQUIDITY AND CAPITAL RESOURCES

($ Millions)	Year Ended December 31 1997	1996
Cash provided by operations	$1,406.6	$1,674.2
Capital spending	944.3	883.7
Proceeds from disposition of property and businesses	779.6	455.4
Ratio of total debt to capital	36.5%	32.9%
Pretax interest coverage - times	8.1	11.2

Commentary:

- Cash provided by operations decreased $267.6 million in 1997 compared with 1996. Net income plus non-cash charges included in net income increased to $2.0 billion in 1997 compared with $1.8 billion in 1996. The Corporation invested $576.9 million in operating working capital in 1997 compared with $141.6 million in 1996. Major operating uses of cash in 1997 compared with 1996 were higher tax payments arising, in part, from the Coosa and SPL sales and lower accounts payable.

- During 1997, approximately $233 million was charged to the reserves related to the 1995 Charge and approximately $12 million was recorded against reserves related to the 1997 Charge.

- Cash proceeds received in 1997 in connection with the Coosa and SPL disposals, the sale of Ssangyong and other asset sales totaled $779.6 million.

- In 1997, the Corporation purchased 17.9 million shares of its common stock in connection with its share repurchase program at a total cost of approximately $900 million. In September 1997, the board of directors authorized the repurchase of 20 million additional shares, of which the remaining authority at December 31, 1997, was 15.5 million shares.

- On December 18, 1997, the Corporation completed the acquisition of Tecnol Medical Products, Inc. ("Tecnol"), a leading maker of disposable face masks and patient care products, through the exchange of approximately 8.7 million shares of the Corporation's common stock for all outstanding shares of Tecnol common stock. The transaction has been accounted for as a purchase.

- Although the Corporation generated significant cash flow from opertions and from the sales of Coosa and SPL, outstanding debt at the end of 1997 increased to $2.5 billion from $2.3 billion at year-end 1996, due primarily to the Corporation's share repurchase program.

- The ratio of total debt to capital increased in 1997 principally as a consequence of the 1997 Charge and the higher debt level at the end of 1997. Excluding the effect of the 1997 Charge, the ratio of total debt to capital would have been 34.0 percent. The Corporation's target total debt to capital ratio is 30 to 40 percent.

- The decline in the pretax interest coverage is due primarily to the higher year-end debt levels and the effect of the 1997 Charge. Excluding the effect of the 1997 Charge, the 1997 pretax interest coverage would have been 11.9 times.

- On January 9, 1998, the Corporation issued $200 million of 6 3/8% Debentures due January 1, 2028. This issuance supported the Corporation's classification of $200 million of short-term commercial paper as long-term debt in the December 31, 1997 Consolidated Balance Sheet.

- A shelf registration statement for $500 million of debt securities is on file with the Securities and Exchange Commission. The registration provides flexibility to issue debt promptly if the Corporation's needs and market conditions warrant.

- Revolving credit facilities of $1.0 billion are in place for general corporate purposes and to back up commercial paper borrowings.

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

- Management believes that the Corporation's ability to generate cash from operations and its capacity to issue short-term and long-term debt are adequate to fund working capital, capital spending and other needs in the foreseeable future.

MARKET RISK SENSITIVITY AND INFLATION RISKS

Pursuant to Financial Accounting Reporting Release No. 48 issued by the Securities and Exchange Commission in January 1997, the Corporation is required to disclose information concerning market risk with respect to foreign exchange rates, interest rates and commodity prices. The Corporation has elected to make such disclosures utilizing a sensitivity analysis approach based on hypothetical changes in foreign exchange rates, interest rates and commodity prices.

As a multinational enterprise, the Corporation is exposed to changes in foreign currency exchange rates, interest rates and commodity prices. The Corporation employs a variety of practices to manage these market risks, including its operating and financing activities and, where deemed appropriate, the use of derivative financial instruments. The Corporation uses derivative financial instruments only for risk management purposes and does not use them for speculation or for trading. All derivative instruments are either exchange traded or are entered into with major financial institutions for the purpose of reducing the Corporation's credit risk and the risk of nonperformance by third parties.

Foreign Currency Risk

Foreign currency risk is managed by the use of foreign currency forward, swap and option contracts. The use of these contracts allows the Corporation to manage its transactional exposure to exchange rate changes 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. As of December 31, 1997, the Corporation's only major foreign currency transactional exposure was the Mexican peso. There have been no significant changes in how foreign currency transactional exposures were managed during 1997, and management does not foresee or expect any significant changes 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, 1997, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of the foreign currencies in which the Corporation has transactional exposures would have resulted in a net unrealized loss of approximately $25 million. Unrealized gains or losses on foreign currency contracts and transactional exposures are defined as the difference between the actual contract rates and the hypothetical exchange rates. In the view of management, the above unrealized 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.

Additional information concerning the Corporation's foreign currency risks and hedging activities is contained in Note 8 to the Consolidated Financial Statements.

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. The Corporation utilizes interest rate swaps when deemed appropriate to manage interest rate risk over time. These arrangements permit the Corporation to exchange fixed- for variable-rate interest or variable- for fixed-rate interest in a cost-effective manner based on agreed-upon notional amounts exchanged. At December 31, 1997, the Corporation had no interest rate swaps outstanding and its debt portfolio was composed of approximately 28 percent variable-rate debt, adjusted for the effect of variable-rate assets, and 72 percent fixed-rate debt. The strategy employed by the Corporation to manage its exposure to interest rate fluctuations did not change significantly during 1997, 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 financial instruments issued by the Corporation and its subsidiaries are sensitive to changes in interest rates. Interest rate changes would result in gains or losses in the market value of the Corporation's fixed-rate debt due to differences between the current market interest rates and the rates governing these instruments. With respect to the Corporation's fixed-rate debt outstanding at December 31, 1997, a 100 basis- point decline in interest rates would have resulted in no material effect on the Corporation's consolidated financial position, results of operations or cash flows. With respect to the Corporation's commercial paper and other floating-rate debt, a 100 basis-point increase in interest rates would have had no material effect on the Corporation's pro forma interest expense for 1997.

Commodity Price Risk

The Corporation is subject to commodity price risk arising from price movement for purchased pulp, the market price of which is determined by industry supply and demand. Increased pulp costs may or may not be recoverable through higher selling prices for products made from such raw materials. The Corporation has not used derivative instruments in the management of these risks. Because the Corporation is approximately 70 percent integrated with respect to its current pulp requirements and because a portion of its pulp purchases are made under long-term contracts priced using formulas that result in relatively stable year-to-year pulp prices, management does not deem commodity price risk to be material to the Corporation's consolidated financial position, results of operations or cash flows.

Inflation Risk

The Corporation's inflation risks are 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.

"YEAR 2000" CAPABILITIES

The Corporation has been in the process of modifying computer systems to be "Year 2000" compliant since 1995. The process involves system reviews, testing and modification or replacement of date-sensitive software. Plans call for completion of the majority of the process by the end of 1998 and the balance by mid-1999. Neither the "Year 2000" issue nor the financial effects of the reviews, testing and modifications are expected to have a material adverse effect on the Corporation's business or its consolidated financial position, results of operations or cash flows. At this time, the Corporation is unable to determine the effect of the "Year 2000" issue on its customers or suppliers.

CONTINGENCIES

See Note 14 to the Consolidated Financial Statements for a discussion of pending litigation and other contingencies affecting the Corporation.

ENVIRONMENTAL MATTERS

The Corporation is subject to federal, state and local environmental protection laws and regulations with respect to its business operations and is operating in compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. Compliance with these laws and regulations is not expected to have a material adverse effect on the Corporation's business or results of operations. The Corporation has been named as a potentially responsible party at a number of waste disposal sites, none of which individually, or in the aggregate, in management's opinion, is likely to have a material adverse effect on the Corporation's business or results of operations. See Note 14 to the Consolidated Financial Statements.

OUTLOOK

The Corporation enjoyed successes in a number of areas in 1997, with Personal Care businesses having an outstanding year. However, the Corporation's overall earnings fell short of management's expectations because of lower selling prices worldwide, particularly for tissue products; transitional issues in the Corporation's North American away-from-home business; and heightened competition in Europe. Selling prices alone were approximately $240 million lower than in 1996, which is equivalent to 29 cents per share. The Corporation has recently announced or implemented price increases for consumer and away-from-home tissue products in the United States, and management is encouraged that going forward these actions will help offset a portion of the price reductions.

In recognition that the Corporation's financial performance in 1997 did not represent sufficient progress toward the Corporation's long-term goal of doubling earnings per share from operations from 1995 to the year 2000, management has commenced implementation of the previously described Announced Plan in an effort to reduce costs. The Announced Plan is expected to make the Corporation stronger, whatever the competitive environment, and help the Corporation deliver the returns its shareholders have come to expect. In total, management expects the Corporation will realize a savings of $100 million in 1998, growing to $200 million annually in the year 2000, as a result of the Announced Plan.

As previously disclosed, the Corporation's U.S. away-from-home business underwent extensive strategic changes in 1997 that management believes will provide long-lasting benefits that should far outweigh the short-term loss in volume experienced by that business early in the year. The transition has been accomplished, and volume levels began increasing in the second half of 1997. Costs are being reduced, and management expects this business to return to its historic position of delivering financial margins greater than the corporate average by the second quarter of 1998.

Management believes that the Corporation's businesses in North America and Latin America are very strong and expects to see good growth and solid returns in those areas in 1998.

In Europe, intense competition has created significant uncertainty. While the situation has not worsened over the past few months, it is difficult for management to predict when things will improve. In the meantime, management will continue its efforts to reduce costs, improve products and pursue its long-term strategy of building market share. To support the growth of the Corporation's European diaper business, capacity is being expanded at the Corporation's state-of-the-art plant at Barton-upon-Humber in the United Kingdom. A continued high rate of growth is expected in Central and Eastern Europe, where sales of the Corporation's diapers, tissue and other products in 21 countries have increased tenfold in the past three years.

In Mexico, home of the Corporation's largest business in the Latin American region, the economy is showing signs of recovery, which are being reflected in increased sales volumes and improved prices at KCM, the Corporation's equity affiliate.

In the Asia/Pacific region, although the Corporation's sales volumes increased 11 percent in 1997, that region's currency crisis resulted in a sales decline of 4 percent after translating to U.S. dollars. Asia represents 7 percent of the Corporation's overall sales, and a smaller percentage of its operating profit, so that region's problems did not have a substantial effect on the Corporation's financial performance. Notwithstanding these 1997 effects, management believes that the economic difficulties in Asia may actually allow the Corporation to accelerate its pace of business expansion in the region and increase its market shares. As a result, management believes that the Corporation is well positioned to enjoy the prosperity that management believes will eventually return to the region.

Management believes that the purchase of Tecnol increases the Corporation's potential for sales and earnings growth, both in the United States and abroad, and positions the Corporation's Professional Health Care Sector as a possible fourth core business in the future.

The Corporation has previously announced its intention to reduce its dependence on internally produced pulp from the 80 percent level of 1996 to approximately 30 percent. Toward that end, the Corporation completed the sale of Coosa to Alliance Forest Products in March 1997 for $600 million in cash. In addition, the Corporation had an agreement to sell its mills in Terrace Bay, Ontario, and New Glasgow, Nova Scotia, to Vancouver-based Harmac Pacific Inc. However, that sale was not completed, and management is evaluating other options for these facilities.

In summary, despite the near-term uncertainties in Europe and Asia, management believes that the Corporation is better positioned than ever to take advantage of the strengths inherent in its brands and to meet its ambitious goals for the year 2000 and beyond.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report concerning, among other things, the business outlook, anticipated financial and operating results, strategies, contingencies and contemplated transactions of the Corporation, the adequacy of the 1997 and 1995 Charges, and the remaining costs of the Announced Plan 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, including cost savings as a result of the Announced Plan, the achievement of projected volume increases, the consummation of projected divestitures on terms advantageous to the Corporation and the availability of suitable acquisition candidates. In addition, many factors outside the control of the Corporation, including the prices of the Corporation's raw materials, potential competitive pressures on selling prices or advertising and promotion expenses for the Corporation's products, fluctuations in foreign currency exchange rates, as well as general economic conditions in the markets in which the Corporation does business, also could impact the realization of such estimates.

CONSOLIDATED INCOME STATEMENT
Kimberly-Clark Corporation and Subsidiaries

	Year Ended December 31		
(Millions of dollars, except per share amounts)	1997	1996	1995
NET SALES	$12,546.6	$13,149.1	$13,373.0
Cost of products sold	7,972.6	8,241.4	8,828.1
GROSS PROFIT	4,574.0	4,907.7	4,544.9
Advertising, promotion and selling expenses	1,937.2	2,029.7	2,080.9
Research expense	211.8	207.9	207.2
General expense	640.7	616.4	603.8
Restructuring and other unusual charges	481.1	-	1,440.0
OPERATING PROFIT	1,303.2	2,053.7	213.0
Interest income	31.4	28.1	33.3

Interest expense	(164.8)	(186.7)	(245.5)
Other income (expense), net	17.7	107.2	103.6
INCOME BEFORE INCOME TAXES	1,187.5	2,002.3	104.4
Provision for income taxes	433.1	700.8	153.5
INCOME (LOSS) BEFORE EQUITY INTERESTS	754.4	1,301.5	(49.1)
Share of net income of equity companies	157.3	152.4	113.3
Minority owners' share of subsidiaries' net income	(27.7)	(50.1)	(31.0)
INCOME BEFORE EXTRAORDINARY GAINS	884.0	1,403.8	33.2
Extraordinary gains, net of income taxes	17.5	-	-
NET INCOME	$ 901.5	$ 1,403.8	$ 33.2
PER SHARE BASIS			
BASIC			
Income before extraordinary gains	$ 1.59	$ 2.49	$ .06
Net income	$ 1.62	$ 2.49	$ .06
DILUTED			
Income before extraordinary gains	$ 1.58	$ 2.48	$ .06
Net income	$ 1.61	$ 2.48	$ .06

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars) ASSETS	December 31 1997	1996
CURRENT ASSETS		
Cash and cash equivalents	$ 90.8	$ 83.2
Accounts receivable	1,606.3	1,660.9
Inventories	1,319.5	1,348.3
Deferred income tax benefits	341.6	327.4
Prepaid expenses and other	130.8	119.4
TOTAL CURRENT ASSETS	3,489.0	3,539.2
PROPERTY		
Land and timberlands	202.0	291.9
Buildings	1,472.6	1,807.8
Machinery and equipment	7,715.0	9,234.0
Construction in progress	366.6	593.5
	9,756.2	11,927.2
Less accumulated depreciation	4,155.6	5,113.9
NET PROPERTY	5,600.6	6,813.3
INVESTMENTS IN EQUITY COMPANIES	567.7	551.1
ASSETS HELD FOR SALE	280.0	-
GOODWILL, NET OF ACCUMULATED AMORTIZATION	594.8	262.0
DEFERRED CHARGES AND OTHER ASSETS	733.9	680.1
	$ 11,266.0	$ 11,845.7

See Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31 1997	1996
CURRENT LIABILITIES		
Debt payable within one year	$ 663.1	$ 576.5
Trade accounts payable	747.1	849.8
Other payables	302.3	269.5
Accrued expenses	1,445.6	1,460.1
Accrued income taxes	416.8	401.3
Dividends payable	131.4	129.7
TOTAL CURRENT LIABILITIES	3,706.3	3,686.9
LONG-TERM DEBT	1,803.9	1,738.6
NONCURRENT EMPLOYEE BENEFIT AND OTHER OBLIGATIONS	887.1	926.1
DEFERRED INCOME TAXES	580.8	762.3
MINORITY OWNERS' INTERESTS IN SUBSIDIARIES	162.6	248.7
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, 1997 and 1996	710.8	710.8
Additional paid-in capital	113.3	136.7
Common stock held in treasury, at cost - 12.3 million and 5.2 million shares at December 31, 1997 and 1996, respectively	(617.1)	(214.4)
Unrealized currency translation adjustments	(953.2)	(656.8)
Retained earnings	4,871.5	4,506.8
TOTAL STOCKHOLDERS' EQUITY	4,125.3	4,483.1
	$ 11,266.0	$ 11,845.7

CONSOLIDATED CASH FLOW STATEMENT
Kimberly-Clark Corporation and Subsidiaries

	Year Ended December 31		
(Millions of dollars)	1997	1996	1995
OPERATIONS			
Net income	$ 901.5	$1,403.8	$ 33.2
1997 and 1995 Charges, net of cash expended	689.7	-	1,353.8
Extraordinary gains, net of income taxes	(17.5)	-	-
Depreciation	490.9	561.0	581.7
Deferred income tax provision (benefit)	11.2	40.5	(330.0)
Gains on asset sales	(8.4)	(75.1)	(118.5)
Equity companies' earnings in excess of dividends paid	(62.1)	(100.2)	(57.6)
Minority owners' share of subsidiaries' net income	27.7	50.1	31.0
Increase in operating working capital	(576.9)	(141.6)	(527.9)
Pension funding in excess of expense	(34.2)	(28.2)	(89.0)
Other	(15.3)	(36.1)	54.9
CASH PROVIDED BY OPERATIONS	1,406.6	1,674.2	931.6
INVESTING			
Capital spending	(944.3)	(883.7)	(817.6)
Acquisitions of businesses, net of cash acquired	(82.2)	(223.6)	(76.1)
Proceeds from disposition of property and businesses	779.6	455.4	336.1
Other	(58.9)	18.9	3.8
CASH USED FOR INVESTING	(305.8)	(633.0)	(553.8)
FINANCING			
Cash dividends paid	(530.6)	(461.5)	(348.2)
Net increase (decrease) in short-term debt	355.3	(348.8)	(25.2)
Increases in long-term debt	107.5	75.8	80.7
Decreases in long-term debt	(253.8)	(321.2)	(944.0)
Proceeds from exercise of stock options	49.2	207.9	121.4
Acquisition of common stock for the treasury	(910.6)	(348.8)	(137.8)
Other	89.8	17.0	(40.9)
CASH USED FOR FINANCING	(1,093.2)	(1,179.6)	(1,294.0)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 7.6	$ (138.4)	$ (916.2)

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Kimberly-Clark Corporation and Subsidiaries

NOTE 1. ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Kimberly-Clark Corporation and all subsidiaries that are more than 50 percent owned. 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.

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

PER SHARE DATA

The number of common shares and per share data for all periods reflects the two-for-one common stock split that became effective April 2, 1997. (See Note 11.)

INVENTORIES

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

PROPERTY AND DEPRECIATION

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

GOODWILL AND DEFERRED CHARGES

Goodwill is amortized on the straight-line method over various periods not exceeding 40 years. The realizability and period of benefit of goodwill is evaluated periodically to assess recoverability and, if warranted, impairment or adjustment of the period benefited would be recognized. Accumulated amortization of goodwill at December 31, 1997 and 1996 was $94.1 and $75.3 million, respectively.

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

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. 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." (See Note 9.)

ACCOUNTING STANDARDS CHANGES

In 1997, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") 128, "Earnings Per Share." (See Note 6.)

In 1997, SFAS 130, "Reporting Comprehensive Income" and SFAS 131, "Disclosures About Segments of an Enterprise and Related Information" were issued. These standards, which will become effective in 1998, expand or modify disclosures and, accordingly, will have no effect on the Corporation's consolidated financial position, results of operations or cash flows.

NOTE 2. RESTRUCTURING AND OTHER UNUSUAL CHARGES

1997 CHARGE

In the fourth quarter of 1997, the Corporation announced a plan to restructure its worldwide operations ("Announced Plan"), the total pretax cost of which is approximately $810.0 million. Of the costs of the Announced Plan, $701.2 million was recorded as a charge against 1997 pretax income ("1997 Charge"), $503.1 million after income taxes, equity company effects and minority interests, or $.91 per share. The remaining $108.8 million of costs related to the Announced Plan will be recorded in 1998 when notification is made to employees whose employment will be terminated or at the time other costs result in accruable expenses. Of the 1997 Charge, $220.1 million relates to the write-down of certain assets and inventories and has been charged to cost of products sold, and $481.1 million has been recorded as restructuring and other unusual charges in the Consolidated Income Statement. Approximately 71 percent of the 1997 Charge relates to Tissue-Based Products and 28 percent relates to Personal Care Products. Approximately 59 percent of the 1997 Charge relates to North American operations and approximately 27 percent relates to Europe.

The Announced Plan includes:

- The sale, closure or downsizing of 18 manufacturing facilities worldwide and a workforce reduction of approximately 5,000 employees. These actions will result in the consolidation of the Corporation's manufacturing operations into fewer, larger and more efficient facilities. They also will eliminate excess production capacity, including more than 200,000 metric tons of high-cost tissue manufacturing capacity in North America and Europe.

- The write-down of property, plant and equipment and other assets not needed in the restructured manufacturing operations; the elimination of excess manufacturing capacity; and the write-down of certain inventories in restructured operations and other assets.

- The elimination of duplicate overhead and productive capacity resulting from the combination of the Corporation's Professional Health Care operations with those of Tecnol Medical Products, Inc. ("Tecnol").

- The write-off of certain assets that became obsolete in 1997 due to recently enacted U.S. environmental air and water emission rules that require reduced emission levels of certain chemical compounds from the Corporation's pulp production operations.

- Impaired asset charges.

The major categories of the 1997 Charge and their subsequent utilization are summarized below:

(Millions of dollars)	Amounts Charged to Earnings in 1997	Amounts Utilized in 1997	Amounts to be Utilized Beyond 1997
Costs of workforce reduction	$ 57.3	$ 5.5	$ 51.8
Losses on facility disposals	165.0	5.8	159.2
Write-down of property, plant and equipment and other assets	333.4	19.2	314.2
Asset impairments	82.6	82.6	-
Contract terminations and other	62.9	6.0	56.9
	$ 701.2	$ 119.1	$ 582.1

The principal costs included in the 1997 Charge are as follows:

- The costs of workforce reduction are primarily composed of severance payments and other employee-related costs for 1,900 employees at facilities to be sold or closed and other operations that are being downsized. The employees involved were notified by December 31, 1997. The remainder of the 5,000 employees involved in the Announced Plan will be notified in 1998, and the costs of their severance payments and other costs will be accrued at that time.

- Losses on facility disposals include the write-down to estimated net realizable value of six facilities to be sold or closed and related costs of sale or closure. The sale or closure of these facilities is expected to occur in 1998, resulting in the elimination of excess production capacity.

- Write-down of property, plant and equipment and other assets represents the net book value of older, less efficient machinery and equipment not needed in the restructured manufacturing operations; the elimination of excess manufacturing capacity; the write-off of the net book value of assets that became obsolete due to recently enacted U.S. environmental air and water emission rules; and the elimination of duplicate facilities and excess capacity resulting from the Tecnol acquisition.

- Asset impairments represent charges for five manufacturing facilities, the future cash flows from operations and the sale or closure of which are estimated to be insufficient to cover their carrying amounts. Each facility was written down to its estimated fair value based on the Corporation's assessment of expected future cash flows from operations and disposal, discounted at a rate commensurate with the risk involved.

- Contract terminations primarily represent the costs of terminating certain supplier/distribution arrangements.

The 1997 Charge included in accrued expenses on the Consolidated Balance Sheet was $191.8 million at December 31, 1997. Substantially all of this amount is expected to be paid in 1998 and the balance, primarily related to workforce reductions, is expected to be paid in accordance with negotiated agreements in 1999 and beyond.

1995 CHARGE

In the fourth quarter of 1995, the Corporation recorded a pretax charge of $1,440.0 million ("1995 Charge"), $1,070.9 million after income taxes and minority interests, or $1.92 per share, for the estimated costs of the 1995 merger with Scott Paper Company ("Scott"), for restructuring the combined operations and for other unusual charges. The charges included: (i) the costs of plant rationalizations and employee terminations to eliminate duplicate facilities and excess capacity; (ii) losses in connection with compliance with the merger related decrees of the U.S. Justice Department and the European Commission; (iii) costs of terminating leases, contracts and other long-term agreements; (iv) the direct costs of the merger, including fees of investment bankers, outside legal counsel and accountants; (v) impaired asset charges; and (vi) other unusual charges.

The 1995 Charge was based on management's announced plans and information available at the time the decision was made to undertake the restructuring and other planned actions. Based on events occurring subsequent to 1995, certain aspects of the Corporation's original plans for integrating the two organizations and accomplishing the objectives of the merger were, of necessity, revised. Although certain specific actions originally contemplated in the 1995 Charge were modified, the overall plan for restructuring the Corporation following the merger and accomplishing the other matters included in the 1995 Charge should be completed at a total cost approximating the original provision.

Major categories of the 1995 Charge and their subsequent utilization are summarized below:

(Millions of dollars)	Amounts Charged to Earnings in 1995	Amounts Utilized through 1996	Amounts Utilized in 1997	Amounts to be Utilized Beyond 1997
Workforce related	$ 220.2	$ 142.0	$ 78.2	$ -
Facility disposals	293.6	293.6	-	-
Excess capacity, restructured facilities and other assets	449.1	289.9	129.6	29.6
Contract settlements, lease terminations, merger fees and expenses and other	318.8	133.1	143.9	41.8
Asset impairments	158.3	158.3	-	-
	$ 1,440.0	$ 1,016.9	$ 351.7	$ 71.4

ACCOUNTING POLICIES FOR RESTRUCTURING AND OTHER UNUSUAL CHARGES

The Corporation considers amounts included in the 1997 and 1995 Charges to be utilized when the following specific criteria are met. Workforce related reserves are considered utilized when contractual termination liabilities are fixed. The reserves for facility disposals are considered utilized when a formal agreement has been reached to sell such facilities. Reserves for excess capacity, restructured facilities and other assets are considered utilized at the occurrence of one of the following events: management (i) closes such facilities; (ii) sells such facilities; or (iii) writes off such assets because there are no plans for any future recovery of carrying amounts. Costs for contract settlements, lease terminations, and merger fees and expenses are considered utilized at the time settlements are negotiated and agreed upon and the amount of required payments are fixed.

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

The operating costs of facilities to be sold or closed are charged to operating profit during the period such facilities remain in use. Salaries, wages and benefits of employees at such locations are charged to operations during the time such employees are actively employed.

NOTE 3. ACQUISITION

On December 18, 1997, the Corporation completed the acquisition of Tecnol through the exchange of approximately 8.7 million shares of the Corporation's common stock for all outstanding shares of Tecnol common stock. The value of the exchange of stock plus related acquisition costs was approximately $428 million. The acquisition was accounted for as a purchase. Accordingly, the assets and liabilities of Tecnol are included in the Consolidated Balance Sheet as of December 31, 1997. The results of Tecnol's operations from the date of the acquisition to December 31, 1997, were not significant.

The Corporation has engaged an independent appraiser to assist in the determination of the fair market value of the acquired assets and, while the appraisal is not yet complete, the Corporation believes that the allocation of the purchase price will result in assigning values to intangible assets in a range of $320 million to $340 million. These intangible assets will be amortized on the straight-line method over periods ranging up to 20 years.

The unaudited pro forma combined historical results, as if the Tecnol business had been acquired at the beginning of fiscal 1997 and 1996, respectively, are estimated to be:

(Millions of dollars, except per share amounts)	1997	1996
Net sales	$12,701.5	$13,293.5
Income before extraordinary gains	868.1	1,385.0
Net income	885.6	1,385.0
Basic net income per share	1.57	2.42
Diluted net income per share	1.56	2.41

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

NOTE 4. INCOME TAXES

An analysis of the provision for income taxes follows:

	Year Ended December 31		
(Millions of dollars)	1997	1996	1995
Current income taxes:			
United States	$423.9	$474.4	$280.3
State	96.7	67.6	43.7
Other countries	104.6	118.3	159.5
Total	625.2	660.3	483.5
Deferred income taxes:			
United States	(82.3)	38.8	(133.2)
State	(56.5)	(10.1)	(48.2)
Other countries	(14.9)	11.8	(148.6)
Total	(153.7)	40.5	(330.0)
Total provision for income taxes	471.5	700.8	153.5
Less income taxes related to extraordinary gains	38.4	-	-
Total provision excluding income taxes related to extraordinary gains	$433.1	$700.8	$153.5

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

(Millions of dollars)	Year Ended December 31 1997	1996	1995
Income Before Extraordinary Gains:			
United States	$1,132.6	$1,624.9	$ 42.5
Other countries	54.9	377.4	61.9
	$1,187.5	$2,002.3	$ 104.4
Extraordinary Gains:			
United States	$ 55.9	$ -	$ -

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

(Millions of dollars)	December 31 1997	1996
Current deferred income tax assets attributable to:		
Advertising and promotion accruals	$ 37.7	$ 41.4
Pension, postretirement and other employee benefits	80.2	83.4
Other accrued expenses, including those related to the 1997 and 1995 Charges	192.0	186.3
Other	40.7	33.2
Valuation allowances	(9.0)	(16.9)
Net current deferred income tax asset	$ 341.6	$ 327.4
Noncurrent deferred income tax assets (liabilities) attributable to:		
Accumulated depreciation	$(788.7)	$(1,016.2)
Operating loss carryforwards	280.4	260.7
Other postretirement benefits	287.3	320.8
Installment sales	(137.9)	(137.9)
Other	(2.8)	-
Valuation allowances	(219.1)	(189.7)
Net noncurrent deferred income tax liability	$(580.8)	$ (762.3)

The valuation allowances for deferred income tax assets increased by $21.5 million in 1997 and decreased by $54.1 million in 1996. Valuation allowances at the end of 1997 relate to the potentially unusable portion of tax loss carryforwards of $737.6 million that are in jurisdictions outside the United States. If not utilized against taxable income, $288.4 million of this amount will expire from 1998 through 2005. The remaining $449.2 million has no expiration date.

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

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

	1997		1996		1995	
(Millions of dollars)	AMOUNT	PERCENT	Amount	Percent	Amount	Percent
Income before income taxes:						
As reported	$1,187.5		$2,002.3		$ 104.4	
Add back the 1997 and 1995 Charges	701.2		-		1,440.0	
Income before income taxes excluding the 1997 and 1995 Charges	$1,888.7		$2,002.3		$ 1,544.4	
Tax at U.S. statutory rate(a)	$ 661.0	35.0%	$ 700.8	35.0%	$ 540.5	35.0%
State income taxes, net of federal tax benefit	37.4	2.0	37.3	1.9	34.2	2.2
Operating losses for which no tax benefit was recognized	26.7	1.4	22.6	1.1	10.9	.7
Net operating losses realized	(4.7)	(.2)	(12.6)	(.6)	(70.6)	(4.6)
Other - net	(97.1)	(5.2)	(47.3)	(2.4)	(1.5)	(.1)
	623.3	33.0%	700.8	35.0%	513.5	33.2%
Tax benefit of the 1997 and 1995 Charges(b)	(190.2)	27.1%	-		(360.0)	25.0%
Provision for income taxes	$ 433.1	36.5%	$ 700.8	35.0%	$ 153.5	147.0%

(a) Tax at U.S. statutory rate is based on income before income taxes excluding the 1997 Charge of $701.2 million and the 1995 Charge of $1,440.0 million. The tax benefit of such items is shown elsewhere in the table.

(b) The effective rate for the tax benefit attributable to the 1997 Charge is lower than the U.S. statutory rate of 35.0 percent primarily because no tax benefits were provided for certain costs related to operations in countries in which the Corporation has income tax loss carryforwards for which valuation allowances have been provided. The effective rate for the tax benefit attributable to the 1995 Charge is lower than the U.S. statutory rate of 35.0 percent because no tax benefits were provided for certain costs and fees that are not deductible and others related to operations in countries in which the Corporation has income tax loss carryforwards for which valuation allowances have been provided.

At December 31, 1997, income taxes have not been provided on approximately $1.6 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings, which are considered to be indefinitely invested, would become subject to income tax if they were remitted as dividends, were lent to the Corporation or a U.S. affiliate, or if the Corporation were to sell its stock in the subsidiaries. Determination of the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings is not practicable because of the complexities associated with its hypothetical calculation. Withholding taxes of approximately $100 million would be payable upon remittance of all previously unremitted earnings at December 31, 1997.

NOTE 5. POSTRETIREMENT AND OTHER BENEFITS

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

DEFINED BENEFIT RETIREMENT PLANS

Defined benefit plans covering salaried employees generally provide pension benefits based on years of service and compensation during the final years of employment. Defined benefit plans covering hourly employees generally provide benefits of stated amounts for each year of service or benefits based on years of service and compensation during the final years of employment. For plans in North America and the United Kingdom, the funding policy is to contribute assets that, at a minimum, fully fund the accumulated benefit obligation, subject to regulatory and tax deductibility limits. The policy for the remaining defined benefit plans, which are composed primarily of pension or termination pay plans outside North America and nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code, is to fund them based on legal requirements, tax considerations, customary business practices in such countries and investment opportunities. Assets held in the pension trusts are composed principally of common stocks, high-grade corporate and government bonds, real estate funds and various short-term investments.

The components of net pension cost were as follows:

	Year Ended December 31		
(Millions of dollars)	1997	1996	1995
Benefits earned	$ 72.6	$ 86.0	$ 78.0
Interest on projected benefit obligation (PBO)	246.7	243.9	249.8
Amortization and other	6.0	13.4	4.0
	325.3	343.3	331.8
Less expected return on plan assets (actual returns on plan assets were gains of $622.1 million, $446.1 million and $521.7 million in 1997, 1996 and 1995, respectively)	297.8	283.2	276.1
Net pension cost	$ 27.5	$ 60.1	$ 55.7

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

	Year Ended December 31		
	1997	1996	1995
Expected long-term rate of return on plan assets	9.6%	9.6%	10.2%
Discount rate	7.9%	7.5%	8.7%
Assumed rate of increase in compensation	4.9%	4.4%	5.4%

Transition adjustments are being amortized on the straight-line method over 14 to 23 years. Prior service cost is being amortized on a straight-line basis over the participants' average remaining service period for plans with compensation-related benefit formulas and over seven years for certain other plans.

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

	1997 PLANS WHERE		1996 Plans Where	
(Millions of dollars)	ASSETS EXCEED ABO	ABO EXCEEDS ASSETS(a)	Assets Exceed ABO	ABO Exceeds Assets(a)
Actuarial present value of plan benefits:				
Accumulated benefit obligation (ABO):				
Vested	$3,114.1	$ 90.7	$2,834.5	$ 132.7
Nonvested	62.8	4.2	48.4	3.4
Total	$3,176.9	$ 94.9	$2,882.9	$ 136.1
PBO	$3,507.0	$ 116.2	$3,233.7	$ 161.0
Plan assets at fair value	3,613.9	6.0	3,318.7	24.5
PBO less than (in excess of) plan assets	$ 106.9	$(110.2)	$ 85.0	$(136.5)
Consisting of:				
Unfavorable actuarial experience	$ (16.2)	$ (36.8)	$ (48.8)	$ (32.9)
Unamortized transition adjustments	20.5	(3.8)	26.6	(4.2)
Unamortized prior service costs	(45.9)	(6.8)	(42.9)	(7.3)
Net prepaid (accrued) pension costs	148.5	(92.5)	150.1	(119.4)
Adjustment for minimum liability	-	29.7	-	27.3
Total	$ 106.9	$(110.2)	$ 85.0	$(136.5)

(a) Plans with accumulated benefit obligations that exceed plan assets are composed primarily of pension or termination pay plans outside North America and nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code. Benefits under these arrangements are paid directly by the sponsoring entity. In addition, in the case of the nonqualified U.S. benefit plans, assets held in Rabbi trusts are available to pay a portion of such benefits.

The weighted-average assumptions used to determine the PBO were as follows:

	December 31	
	1997	1996
Discount rate(a)	7.1%	7.9%
Assumed rate of increase in compensation	4.3%	4.9%

(a) Weighted-average discount rates for U.S. plans were 7.0% and 7.75% at December 31, 1997 and 1996, respectively.

In connection with certain business dispositions occurring in the last two years, the Corporation transferred certain pension obligations to the respective buyers. These dispositions resulted in immediate recognition of gains of $.5 million and $2.1 million in 1997 and 1996, respectively.

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 charged to expense were $14.8 million, $8.5 million and $9.7 million in 1997, 1996 and 1995, respectively.

POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

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

	Year Ended December 31		
(Millions of dollars)	1997	1996	1995
Benefits earned	$10.7	$12.0	$10.3
Interest on accumulated postretirement benefit obligation	44.9	48.0	54.6
Amortization and other	(8.8)	(4.4)	(.8)
Net postretirement benefit cost (of which $52.4 million, $54.3 million and $49.9 million were paid in 1997, 1996 and 1995, respectively)	$46.8	$55.6	$64.1

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

(Millions of dollars)	December 31 1997	December 31 1996
Accumulated postretirement benefit obligation:		
Retirees	$426.3	$438.7
Fully eligible active plan participants	50.5	62.2
Other active plan participants	161.2	130.9
Total	638.0	631.8
Unrecognized actuarial gain	98.1	119.0
Unrecognized prior service gain	19.8	22.3
Total accrued postretirement benefit liability	755.9	773.1
Less current portion	56.6	56.5
Noncurrent portion	$699.3	$716.6

Weighted-average discount rates used to determine the accumulated postretirement benefit obligation for all plans were 7.0% and 7.8% at December 31, 1997 and 1996, respectively. The rates used for the U.S. plans were 7.0% and 7.75% at December 31, 1997 and 1996, respectively.

The December 31, 1997 accumulated postretirement benefit obligation for the U.S. plans was determined using an assumed health care cost trend rate of 8.6% in 1998, declining gradually to an ultimate rate of 6.0% for certain plans and to zero by 2009 and thereafter for others, which reflects the previously described limit on the Corporation's cost of annual per capita retiree medical benefits for certain plans. The December 31, 1996, accumulated postretirement benefit obligation was determined using an assumed health care cost trend rate of 9.2% in 1997, declining gradually to an ultimate rate of 6.0% for certain plans and to zero by 2007 and thereafter for others.

A one-percentage point increase in the health care cost trend rate would increase the accumulated postretirement benefit obligation by $22.5 million at December 31, 1997, and expense by $1.8 million for the year then ended.

In connection with certain business dispositions occurring in the last three years, the Corporation transferred certain postretirement benefit obligations to the respective buyers. These dispositions resulted in immediate recognition of gains of $7.5 million and $2.1 million in 1997 and 1996, respectively, and a loss of $14.9 million in 1995.

INVESTMENT PLANS

Voluntary contribution investment plans are provided to substantially all North American employees. Under the plans, the Corporation matches a portion of employee contributions. Costs charged to expense under the plans were $24.9 million, $24.1 million and $26.0 million in 1997, 1996 and 1995, respectively.

NOTE 6. EARNINGS PER SHARE

There are no adjustments required to be made to Income Before Extraordinary Gains for purposes of computing basic and diluted earnings per share ("EPS").

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

(Millions)	Average Common Shares Outstanding 1997	1996	1995
Basic	555.9	564.0	559.0
Dilutive effect of stock options	3.1	2.9	4.7
Dilutive effect of shares issued for participation share awards	0.3	0.2	-
Diluted	559.3	567.1	563.7

There were no securities outstanding at December 31, 1997, which were excluded from the EPS computations. The number of common shares outstanding as of December 31, 1997 and 1996 was 556.3 million and 563.4 million, respectively.

NOTE 7. DEBT

The major issues of long-term debt outstanding were:

(Millions of dollars)	December 31 1997	1996
Kimberly-Clark Corporation:		
Commercial paper to be refinanced	$ 200.0	$ -
7 7/8% Debentures due 2023	199.7	199.7
8 5/8% Notes due 2001	199.8	199.7
9 1/8% Notes due 1997	-	100.0
9% Notes due 2000	99.9	99.9
6 7/8% Debentures due 2014	99.7	99.7
5% Notes maturing to 2002	45.0	54.0
9 1/2% Sinking Fund Debentures due 2018	50.0	50.0
6.2% to 7.55% Industrial Development Revenue Bonds maturing to 2023	79.7	79.6
Other	.2	.5
	974.0	883.1
Subsidiaries:		
7% Debentures due 2023	193.8	193.5
11.1% Bonds due 2000	99.4	99.3
8.3% to 13% Debentures maturing to 2022	156.0	174.7
Industrial Development Revenue Bonds at variable rates (average rate for December 1997 - 4.4%) due 2015, 2018, 2023 and 2024	286.6	250.0
5.7% to 6 3/8% Industrial Development Revenue Bonds maturing to 2007	28.3	60.5
Bank loans and other financings in various currencies at fixed rates (weighted-average rate at December 31, 1997 - 10.3%) maturing to 2008	112.9	139.1
Bank loans and other financings in various currencies at variable rates (weighted-average rate at December 31, 1997 - 7.8%) maturing to 2005	54.4	103.6
	1,905.4	1,903.8
Less current portion	101.5	165.2
Total	$ 1,803.9	$ 1,738.6

At December 31, 1997, $200 million of short-term commercial paper was classified as long-term debt. On January 9, 1998, the Corporation issued $200 million of 6 3/8% Debentures due January 1, 2028, and used the proceeds to retire commercial paper.

Fair value of long-term debt was $1,972.4 million and $1,956.8 million at December 31, 1997 and 1996, respectively. Scheduled maturities of long-term debt are $50.0 million in 1999, $260.9 million in 2000, $231.6 million in 2001 and $49.3 million in 2002.

At December 31, 1997, the Corporation had $1.0 billion of revolving credit facilities with a group of banks. These facilities, which were unused at December 31, 1997, permit borrowing at competitive interest rates and are available for general corporate purposes, including backup for commercial paper borrowings. The Corporation pays commitment fees on the unused portion but may cancel the facilities without penalty at any time prior to their expiration. Of these facilities, $500 million expires in November 1998 and $500 million expires in November 2002.

Debt payable within one year:

(Millions of dollars)	December 31 1997	December 31 1996
Commercial paper	$392.6	$274.0
Current portion of long-term debt	101.5	165.2
Other short-term debt	169.0	137.3
Total	$663.1	$576.5

At December 31, 1997 and 1996, the weighted-average interest rate for commercial paper was 5.9 percent and 5.5 percent, respectively.

NOTE 8. RISK MANAGEMENT

As a multinational enterprise, the Corporation is exposed to changes in foreign currency exchange rates, interest rates and commodity prices. The Corporation employs a variety of practices to manage these market risks, including its operating and financing activities and, where deemed appropriate, the use of derivative financial instruments. The Corporation uses derivative financial instruments only for risk management purposes and does not use them for speculation or for trading. All derivative instruments are either exchange traded or are entered into with major financial institutions for the purpose of reducing the Corporation's credit risk and the risk of nonperformance by third parties.

Foreign Currency Risk Management

Foreign currency risk is managed by the use of foreign currency forward, swap and option contracts. The use of these contracts allows the Corporation to manage its transactional exposure to exchange rate changes 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. As of December 31, 1997, the Corporation's only major foreign currency transactional exposure was the Mexican peso. There have been no significant changes in how foreign currency transactional exposures were managed during 1997, and management does not foresee or expect any significant changes in such exposures or in the strategies it employs to manage them in the near future.

Foreign currency losses included in consolidated net income were $10.2 million, $2.9 million and $46.4 million for 1997, 1996 and 1995, respectively. The 1997 loss is attributable to weakening currencies in the Asia/Pacific region. Also included in these losses were the Corporation's share of foreign currency gains and losses at the Corporation's Mexican affiliate, Kimberly-Clark de Mexico, S.A. de C.V. ("KCM"), attributable to changes in the value of the Mexican peso. The Corporation's share of the peso currency effects was insignificant in 1997 and 1996 compared with a loss of $38.5 million in 1995.

Prior to 1997, Mexico's economy was deemed to be non-hyperinflationary, and because KCM has financed a portion of its operations with U.S. dollar obligations, KCM experienced foreign currency losses on these obligations as the value of the peso declined. Beginning in 1997, the Mexican economy was determined to be hyperinflationary because that country's cumulative inflation rate for the last three years had exceeded 100 percent. For accounting purposes, the functional currency of KCM became the U.S. dollar rather than the Mexican peso. Accordingly, changes in the value of the peso no longer result in foreign currency gains or losses attributable to the U.S. dollar obligations. However, changes in the value of the peso have resulted in gains or losses attributable to peso-denominated monetary assets held by KCM.

Gains and losses on instruments that hedge firm commitments are deferred and included in the basis of the underlying hedged items. Premiums paid for options are amortized ratably over the life of the option. Contracts used to hedge recorded foreign currency transactions generally mature within one year and are marked-to-market with the resulting gains or losses included in current income. These gains and losses offset foreign exchange gains and losses on the underlying transactions. Notwithstanding the sizable notional principal amounts involved, the Corporation's credit exposure under these arrangements is limited to the fair value of the agreements with a positive fair value at the reporting date. Additionally, credit risk with respect to the counterparties is considered minimal in view of the financial strength of the counterparties.

The following table presents the aggregate notional principal amounts, carrying values and fair values of the Corporation's foreign currency financial instruments outstanding at December 31, 1997 and 1996:

	DECEMBER 31, 1997			December 31, 1996		
(Millions of dollars)	NOTIONAL PRINCIPAL AMOUNTS	CARRYING VALUES	FAIR VALUES	Notional Principal Amounts	Carrying Values	Fair Values
Forward contracts						
Assets	$1,094.1	$38.9	$47.3	$480.1	$ 8.2	$ 6.5
Liabilities	350.0	(6.4)	(6.4)	543.0	(.8)	(3.6)
Currency swaps						
Assets	-	-	-	28.1	.1	(1.6)
Option contracts						
Assets	10.0	-	-	10.0	.2	.1

Translation Risk

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

The income statements and balance sheets of operations in hyperinflationary economies, i.e., Brazil, Mexico (effective January 1,1997) and Venezuela, are translated into U.S. dollars using both current and historical rates of exchange. For balance sheet accounts translated at current exchange rates, such as cash and accounts receivable, the differences from historical exchange rates are reflected in income.

Translation exposure is not hedged. 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 Corporation utilizes interest rate swaps when deemed appropriate to manage interest rate risk over time. These arrangements permit the Corporation to exchange fixed- for variable-rate interest or variable- for fixed-rate interest in a cost-effective manner based on agreed-upon notional amounts exchanged. At December 31, 1997, the Corporation had no material amount of interest rate swaps outstanding. The strategy employed by the Corporation to manage its exposure to interest rate fluctuations did not change significantly during 1997. Management does not foresee or expect any significant changes in its exposure to interest rate fluctuations or in how such exposure is managed in the near future.

Commodity Price Risk Management

The Corporation is subject to commodity price risk arising from price movement for purchased pulp, the market price of which is determined by industry supply and demand. Increased pulp costs may or may not be recoverable through higher selling prices for products produced from such raw materials. The Corporation has not used derivative instruments in the management of these risks. Because the Corporation is approximately 70 percent integrated with respect to its current pulp requirements and because a portion of its pulp purchases are made under long-term contracts priced using a formula that results in relatively stable year-to-year pulp prices, management does not deem commodity price risk to be material to the Corporation's consolidated financial position, results of operations or cash flows.

NOTE 9. EQUITY PARTICIPATION PLANS AND STOCK OPTIONS

Kimberly-Clark Equity Participation Plans provide for awards of participation shares and stock options to key employees of the Corporation and its subsidiaries. Upon maturity, participation share awards are paid in cash or cash and shares of the Corporation's stock based on the increase in the book value of the Corporation's common stock during the award period. Participants do not receive dividends on the participation shares, but their accounts are credited with dividend shares payable in cash or cash and shares of the Corporation's stock at the maturity of the award. Neither participation nor dividend shares are shares of common stock.

Data concerning participation and dividend shares follow:

	1997	1996	1995
Outstanding - Beginning of year	7,173,172	5,993,700	7,591,356
Awarded	1,993,800	1,954,000	2,105,300
Dividend shares credited - net	795,360	682,500	864,390
Matured	(500,161)	(1,311,928)	(4,398,546)
Forfeited	(80,800)	(145,100)	(168,800)
Outstanding - End of year	9,381,371	7,173,172	5,993,700

Amounts expensed related to participation shares were $26.8 million, $17.9 million and $15.2 million in 1997, 1996 and 1995, 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 and expire 10 years after the date of grant and become exercisable over three years.

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

Data concerning stock option activity follows:

	1997		1996		1995	
	OPTIONS (000)	WEIGHTED-AVERAGE EXERCISE PRICE	Options (000)	Weighted-Average Exercise Price	Options (000)	Weighted-Average Exercise Price
Outstanding - Beginning of year	12,609	$26.61	20,688	$20.57	27,702	$17.53
Granted	6,111	51.12	2,876	39.94	4,254	24.91
Exercised	(2,401)	20.15	(10,694)	18.49	(8,384)	14.70
Rescinded options	-		-		(2,432)	13.55
Canceled or expired	(124)	38.61	(261)	27.63	(452)	10.89
Outstanding - End of year	16,195(a)	36.73	12,609	26.61	20,688	20.57
Exercisable - End of year	7,016	25.57	7,522	22.24	16,078	19.16

(a) At December 31, 1997, exercise prices, number of options outstanding and weighted-average expiration dates are shown in the following table:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Number (000)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Number (000)	Weighted-Average Price
$10.98 - $14.725	570	$13.74	2.5	570	$13.74
18.15 - 22.36	1,752	19.92	3.6	1,752	19.92
24.65 - 28.34	5,063	26.09	6.0	3,800	26.57
39.93 - 52.125	8,810	47.67	7.9	894	39.98
	16,195			7,016	

At December 31, 1997, the number of additional shares of common stock of the Corporation available for option and sale under the 1992 Plan or for award as participation shares at such date under the 1992 Plan was 21.0 million shares.

The Corporation has elected to follow APB 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for its stock options. Under APB 25, because the exercise price of the Corporation's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is 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 granted subsequent to December 31, 1994, under the fair value method of that statement. For purposes of pro forma disclosure, the estimated fair value of the 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)	1997	1996	1995
Net income	$22.4	$16.1	$9.4
Basic and diluted net income per share	.04	.03	.02

The weighted-average fair value of the individual options granted during 1997, 1996 and 1995 is estimated as $12.22, $8.66 and $5.73, respectively, on the date of grant. The fair values were determined using a Black-Scholes option-pricing model with the following assumptions:

	1997	1996	1995
Dividend yield	1.88%	2.30%	3.50%
Volatility	18.30%	18.30%	18.90%
Risk-free interest rate	5.98%	5.31%	7.51%
Expected life	5.4 YEARS	5.8 years	5.8 years

NOTE 10. COMMITMENTS

LEASES

The future minimum obligations under leases having a noncancelable term in excess of one year as of December 31, 1997, are as follows:

(Millions of dollars)	Operating Leases
Year Ending December 31:	
1998	$ 56.9
1999	40.0
2000	31.8
2001	28.2
2002	21.6
Thereafter	106.6
Future minimum obligations	$285.1

Operating lease obligations have been reduced by $19.6 million for rental income from noncancelable sublease agreements.

Consolidated rental expense under operating leases was $150.8 million, $147.9 million and $157.0 million in 1997, 1996 and 1995, respectively.

RAW MATERIALS

The Corporation has entered into long-term contracts for the purchase of raw materials, primarily pulp. The minimum purchase commitments extend to 2004. At current prices, the commitments are approximately $383 million, $244 million and $172 million in 1998, 1999 and 2000, respectively. The commitment beyond the year 2000 is approximately $259 million in total.

ENERGY

The Corporation has a long-term contract with Mobile Energy Services Co. for power, steam and liquid processing at the Corporation's Mobile, Alabama, pulp and tissue mill. The Corporation's commitments under the agreement are reset every two years based on peak energy usage in the prior two years. As of December 31, 1997, the Corporation's annual commitment is approximately $55 million per year until December 31, 1999.

Although the Corporation is primarily liable for rental payments on the above-mentioned leases and, considering the purchase commitments for raw materials and energy described above, management believes the Corporation's exposure to losses, if any, under these arrangements is minimal.

NOTE 11. STOCKHOLDERS' EQUITY

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

(Millions of dollars, except share amounts)	Common Stock Issued Shares	Common Stock Issued Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-In Capital	Retained Earnings	UTA
Balance at December 31, 1994	561,093,674	$701.4	4,851,648	$(88.0)	$34.1	$4,045.3	$(565.0)
Shares issued for the exercise of stock options, stock awards and restricted stock	7,791,174	9.6	(872,582)	12.7	145.6	-	-
Conversion of Scott options and restricted shares payable upon change of control	1,664,938	2.2	-	-	17.2	-	-
Cancellation of Scott treasury shares	(5,989,550)	(7.4)	(5,989,550)	138.2	(130.8)	-	-
Distribution of net assets of Schweitzer-Mauduit International, Inc.	-	-	-	-	-	(119.0)	(13.3)
Purchased for treasury	-	-	4,969,932	(137.8)	-	-	-
Translation adjustments	-	-	-	-	-	-	(62.2)
Minimum pension liability adjustment	-	-	-	-	-	(15.8)	-
Net income	-	-	-	-	-	33.2	-
Dividends declared on:							
Common shares	-	-	-	-	-	(349.5)	-
Preferred shares	-	-	-	-	-	(.3)	-
Balance at December 31, 1995	564,560,236	705.8	2,959,448	(74.9)	66.1	3,593.9	(640.5)
Shares issued for the exercise of stock options and stock awards	4,036,574	5.0	(6,688,178)	209.3	70.6	-	-
Purchased for treasury	-	-	8,951,924	(348.8)	-	-	-
Translation adjustments	-	-	-	-	-	-	(16.3)
Minimum pension liability adjustment	-	-	-	-	-	28.1	-
Net income	-	-	-	-	-	1,403.8	-
Dividends declared on common shares	-	-	-	-	-	(519.0)	-
Balance at December 31, 1996	568,596,810	710.8	5,223,194	(214.4)	136.7	4,506.8	(656.8)
Shares issued for the exercise of stock options and stock awards	-	-	(2,434,504)	88.2	(18.2)	-	-
Purchased for treasury	-	-	18,143,208	(910.6)	-	-	-
Translation adjustments	-	-	-	-	-	-	(296.4)
Shares issued for the acquisition of Tecnol	-	-	(8,681,530)	419.7	(5.2)	-	-
Minimum pension liability adjustment	-	-	-	-	-	(4.5)	-
Net income	-	-	-	-	-	901.5	-
Dividends declared on common shares	-	-	-	-	-	(532.3)	-
Balance at December 31, 1997	568,596,810	$710.8	12,250,368	$ (617.1)	$ 113.3	$ 4,871.5	$ (953.2)

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

On February 20, 1997, the Corporation's board of directors declared a two-for-one common stock split payable in the form of a 100 percent stock dividend that was distributed on April 2, 1997, to stockholders of record on March 7, 1997. An amount equal to the par value of the shares issued was transferred from additional paid-in capital to the common stock account for all periods presented. Accordingly, all numbers of common shares, per share data and the amounts of the stockholders' equity accounts for all periods presented in these consolidated financial statements have been restated to reflect the stock split.

At December 31, 1997, unremitted net income of equity companies included in consolidated retained earnings was $780.2 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.

NOTE 12. EXTRAORDINARY GAINS

In March 1997, the Corporation sold its noncore pulp and newsprint facility located in Coosa Pines, Alabama ("Coosa") for approximately $600 million in cash. Also, in the first quarter of 1997, the Corporation recorded impairment losses on the planned disposal of a pulp manufacturing mill in Miranda, Spain; a recycled fiber facility in Oconto Falls, Wisconsin; and a tissue converting facility in Yucca, Arizona; and on an integrated pulp making facility in Everett, Washington. These impairment losses totaled $111.5 million before income tax benefits. In June 1997, the Corporation completed the sale of its interest in Scott Paper Limited ("SPL") for approximately $127 million. Accounting regulations require that certain transactions following a business combination that was accounted for as a pooling of interests be reported as extraordinary items. Accordingly, the above described transactions have been aggregated and reported as extraordinary gains totaling $17.5 million, net of applicable income taxes of $38.4 million. The high effective income tax rate on the extraordinary gains is due to income tax loss carryforwards in Spain that precluded the current recognition of the income tax benefit on the Miranda impairment loss and the tax basis in SPL being substantially lower than the carrying amount of the investment in the financial statements. The extraordinary gains were equal to $.03 per share for both basic and diluted EPS.

NOTE 13. OTHER DISPOSITIONS OF BUSINESSES

In December 1997, the Corporation sold its 17 percent interest in Ssangyong Paper Co., Ltd. ("Ssangyong") of Korea. The sale resulted in a gain of $.03 per share.

In 1996, to meet regulatory requirements associated with the merger with Scott, the Corporation sold the former Scott baby wipes business and certain tissue businesses in the U.S. and the U.K. The regulatory disposals resulted in a net gain of $.09 per share.

In 1995, the Corporation sold 80 percent of its investment in Midwest Express Airlines, Inc. ("Midwest") through an initial public offering and recognized a gain of $.07 per share, and in 1996, the Corporation sold its remaining 20 percent interest and recognized a gain of $.04 per share. During 1995, the Corporation spun off its tobacco-related business operations in the United States, Canada and France in a tax-free transaction.

NOTE 14. CONTINGENCIES

On May 13, 1997, the State of Florida, acting through its attorney general, filed a complaint in the Gainesville Division of the United States District Court for the Northern District of Florida (the "Florida District Court"), alleging that manufacturers of tissue products for away-from-home use, including the Corporation and Scott, agreed to fix prices by coordinating price increases for such products. Following Florida's complaint, approximately 45 class action complaints have been filed in various federal and state courts around the United States that contain allegations similar to those made by the State of Florida in its complaint. The actions in federal courts have been consolidated for pretrial proceedings in the Florida District Court. The foregoing actions seek an unspecified amount of actual and treble damages. The Corporation has answered the complaints in these actions and has denied the allegations contained therein as well as any liability. Discovery with respect to class certification and the merits of the claims has commenced. The Corporation intends to contest these claims vigorously. Management does not expect these actions to have a material adverse effect on the Corporation's business or results of operations.

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

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

Capital expenditures for compliance with the U.S. Environmental Protection Agency's Cluster Rule for kraft and sulfite pulping operations are expected to be $87.0 million, $138.6 million and $52.8 million in 1998, 1999 and 2000, respectively. The Corporation is presently evaluating options for reducing its dependence on internally produced pulp, and the results of this evaluation may have an effect on the amount of Cluster Rule spending required.

NOTE 15. SUPPLEMENTAL DATA (Millions of dollars)

SUPPLEMENTAL BALANCE SHEET DATA

Summary of Accounts Receivable and Inventories	December 31 1997	December 31 1996
Accounts Receivable:		
From customers	$1,439.7	$1,481.5
Other	226.5	225.7
Less allowance for doubtful accounts and sales discounts	(59.9)	(46.3)
Total	$1,606.3	$1,660.9
Inventories by Major Class:		
At the lower of cost on the First-In, First-Out (FIFO) method or market:		
Raw materials	$ 372.4	$ 363.7
Work in process	228.5	219.7
Finished goods	749.9	803.6
Supplies and other	174.5	201.7
	1,525.3	1,588.7
Excess of FIFO cost over Last-In, First-Out (LIFO) cost	(205.8)	(240.4)
Total	$1,319.5	$1,348.3

Total inventories include $526.6 million and $493.8 million of inventories valued on the LIFO method at December 31, 1997 and 1996, respectively.

Summary of Accrued Expenses	December 31 1997	December 31 1996
Accruals for the 1997 and 1995 Charges	$ 268.3	$ 339.7
Accrued advertising and promotion expense	262.8	264.1
Accrued salaries and wages	310.9	293.8
Other accrued expenses	603.6	562.5
Total accrued expenses	$ 1,445.6	$ 1,460.1

SUPPLEMENTAL CASH FLOW STATEMENT DATA

Summary of Cash Flow Effects of Increase in Operating Working Capital(a)	Year Ended December 31		
	1997	1996	1995
Accounts receivable	$ 13.4	$ 34.2	$ (264.5)
Inventories	(43.7)	15.9	(191.3)
Prepaid expenses	(13.6)	21.6	(56.7)
Trade accounts payable	(93.9)	(55.6)	148.8
Other payables	32.8	54.2	10.8
Accrued expenses	(283.2)	(352.5)	(111.8)
Accrued income taxes	(151.9)	141.0	(63.0)
Currency rate changes	(36.8)	(.4)	(.2)
Increase in operating working capital	$ (576.9)	$ (141.6)	$ (527.9)

(a) Excludes the effects of acquisitions, dispositions and the 1997 and 1995 Charges.

Other Cash Flow Data(a)	Year Ended December 31		
	1997	1996	1995
Interest paid	$ 173.6	$ 219.8	$ 259.9
Income taxes paid	557.3	503.0	570.1
Decrease in cash and cash equivalents due to exchange rate changes	(17.4)	-	(.7)
Reconciliation of changes in cash and cash equivalents:			
Balance, January 1	$ 83.2	$ 221.6	$ 1,137.8
Increase (decrease)	7.6	(138.4)	(916.2)
Balance, December 31	$ 90.8	$ 83.2	$ 221.6

(a) See Note 3 for information concerning the Tecnol acquisition for common stock.

Interest Expense	Year Ended December 31		
	1997	1996	1995
Gross interest cost	$ 181.8	$ 200.6	$ 254.3
Capitalized interest on major construction projects	(17.0)	(13.9)	(8.8)
Interest expense	$ 164.8	$ 186.7	$ 245.5

NOTE 16. UNAUDITED QUARTERLY DATA

(Millions of dollars, except per share amounts)	1997 FOURTH(a)	1997 THIRD	1997 SECOND(b)	1997 FIRST (c)	1996 Fourth(d)	1996 Third (e)	1996 Second(f)	1996 First
Net sales	$3,089.4	$3,095.3	$3,124.3	$3,237.6	$3,323.6	$3,275.7	$3,347.7	$3,202.1
Gross profit	982.5	1,158.3	1,192.2	1,241.0	1,229.3	1,256.0	1,254.3	1,168.1
Operating profit (loss)	(202.0)	466.5	494.4	544.3	526.4	545.8	488.2	493.3
Income (Loss) before extraordinary gains.....	(147.0)	316.0	350.8	364.2	347.1	377.2	364.7	314.8
Net income (loss).........	(147.0)	316.0	363.5	369.0	347.1	377.2	364.7	314.8
Per share basis:								
Basic								
Income (Loss) before extraordinary gains..............	(.26)	.57	.63	.65	.62	.67	.64	.56
Net income (loss).....	(.26)	.57	.65	.66	.62	.67	.64	.56
Diluted								
Income (Loss) before extraordinary gains..............	(.26)	.57	.63	.64	.61	.66	.64	.55
Net income (loss).....	(.26)	.57	.65	.65	.61	.66	.64	.55
Cash dividends declared per share	.24	.24	.24	.24	.23	.23	.23	.23
Market price:								
High	53-15/16	55	56-7/8	55-3/8	49-13/16	44-3/8	38-15/16	41-1/2
Low	47-5/16	43-1/4	46-1/8	46-11/16	42-3/16	35-11/16	34-5/16	37
Close	49-5/16	48-15/16	49-3/4	49-3/4	47-5/8	44-1/16	38-5/8	37-3/16

(a) Gross profit, operating loss, net loss, basic net loss per share and diluted net loss per share includes $220.1 million, $701.2 million, $503.1 million, $.91 and $.90, respectively, related to the 1997 Charge. Basic and diluted net loss per share also include a nonoperating gain of $.03 per share related to the sale of Ssangyong.

(b) Includes a nonoperating gain recorded by KCM primarily related to the sale of a portion of its tissue business. The Corporation's share of the after-tax effect of this gain was $16.3 million, or $.03 per share. Also includes an extraordinary gain, net of income taxes, of $12.7 million, or $.02 per share, resulting from the sale of the Corporation's interest in SPL.

(c) Includes an extraordinary gain, net of income taxes, of $4.8 million, or $.01 per share, resulting from the sale of Coosa, net of impairment losses on certain other facilities.

(d) Includes a nonoperating charge recorded by KCM for restructuring costs related to its merger with Scott's former Mexican affiliate. The Corporation's share of the after-tax charge was $5.5 million, or $.01 per share.

(e) Includes a net gain of $.05 per share related to the sale of certain tissue businesses to satisfy U.S. and European regulatory requirements associated with the Scott merger.

(f) Includes a net gain of $.08 per share related to the divestiture of the former Scott baby wipes and certain facial tissue businesses in the U.S. and the sale of the Corporation's remaining interest in Midwest.

NOTE 17. BUSINESS SEGMENT AND GEOGRAPHIC DATA

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

- Personal Care Products includes infant, child, feminine and incontinence care products; wet wipes; health care products; and related products.

- Tissue-Based Products includes tissue and wipers for household and away-from-home use; pulp; and related products.

- Newsprint, Paper and Other includes newsprint, printing papers, premium business and correspondence papers, specialty papers, technical papers, and related products; and other products and services.

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

CONSOLIDATED OPERATIONS BY BUSINESS SEGMENT

	Net Sales			Operating Profit		
(Millions of dollars)	1997	1996	1995	1997(a)	1996	1995(b)
Personal Care Products	$ 5,234.8	$ 4,837.8	$ 4,384.2	$ 773.8	$ 791.3	$ 339.8
Tissue-Based Products	6,611.5	7,372.8	7,524.3	407.5	1,085.2	(38.4)
Newsprint, Paper and Other	753.5	1,015.4	1,584.3	168.0	211.8	224.6
Combined	12,599.8	13,226.0	13,492.8	1,349.3	2,088.3	526.0
Intersegment sales	(53.2)	(76.9)	(119.8)	-	-	-
Unallocated items - net	-	-	-	(46.1)	(34.6)	(313.0)
Consolidated	$ 12,546.6	$ 13,149.1	$ 13,373.0	$ 1,303.2	$ 2,053.7	$ 213.0

	Assets			Depreciation			Capital Spending		
(Millions of dollars)	1997	1996	1995	1997	1996	1995	1997	1996	1995
Personal Care Products	$ 3,870.2	$ 3,376.1	$ 3,369.7	$191.5	$174.9	$193.1	$353.8	$227.2	$237.4
Tissue-Based Products	5,545.0	6,512.8	5,982.2	270.3	343.1	323.6	532.8	608.5	485.5
Newsprint, Paper and Other	435.3	655.6	682.2	17.7	32.6	51.0	30.6	37.8	76.4
Combined	9,850.5	10,544.5	10,034.1	479.5	550.6	567.7	917.2	873.5	799.3
Unallocated(c) and intersegment assets	1,415.5	1,301.2	1,405.1	11.4	10.4	14.0	27.1	10.2	18.3
Consolidated	$ 11,266.0	$ 11,845.7	$ 11,439.2	$490.9	$561.0	$581.7	$944.3	$883.7	$817.6

(a) Operating profit in 1997 for Personal Care Products; Tissue-Based Products; Newsprint, Paper and Other; and Unallocated includes $195.3 million, $496.9 million, $.7 million and $8.3 million, respectively, of the 1997 Charge described in Note 2.

(b) Operating profit in 1995 for Personal Care Products; Tissue-Based Products; Newsprint, Paper and Other; and Unallocated includes $230.3 million, $981.2 million, $35.0 million and $193.5 million, respectively, of the 1995 Charge described in Note 2.

(c) Assets include investments in equity companies of $567.7 million, $551.1 million and $413.4 million in 1997, 1996 and 1995, respectively.

CONSOLIDATED OPERATIONS BY GEOGRAPHIC AREA

	Net Sales			Operating Profit(a)		
(Millions of dollars)	1997	1996	1995	1997(b)	1996	1995(c)
United States	$ 7,878.7	$ 8,142.5	$ 8,642.3	$1,229.2	$1,626.6	$669.1
Canada	1,052.5	1,311.0	1,250.1	121.0	109.4	21.9
Intergeographic items(d)	(397.3)	(451.7)	(452.6)	-	-	-
North America	8,533.9	9,001.8	9,439.8	1,350.2	1,736.0	691.0
Europe	2,548.1	2,881.8	2,862.5	(105.4)	164.8	(277.5)
Asia, Latin America and Africa	1,772.2	1,603.5	1,342.5	104.5	187.5	112.5
Combined	12,854.2	13,487.1	13,644.8	1,349.3	2,088.3	526.0
Intergeographic items	(307.6)	(338.0)	(271.8)	-	-	-
Unallocated items - net	-	-	-	(46.1)	(34.6)	(313.0)
Consolidated	$ 12,546.6	$ 13,149.1	$ 13,373.0	$1,303.2	$2,053.7	$213.0

(Millions of dollars)	Assets 1997	1996	1995
United States	$ 5,713.2	$ 5,703.6	$ 5,728.0
Canada	543.6	825.6	609.1
Intergeographic items	(65.4)	(50.2)	(47.3)
North America	6,191.4	6,479.0	6,289.8
Europe	2,297.1	2,579.0	2,592.7
Asia, Latin America and Africa	1,502.6	1,610.2	1,240.1
Combined	9,991.1	10,668.2	10,122.6
Intergeographic items	(142.4)	(131.1)	(99.2)
Unallocated items - net(e)	1,417.3	1,308.6	1,415.8
Consolidated	$ 11,266.0	$ 11,845.7	$ 11,439.2

(a) Certain reclassifications have been made to conform prior year's data to the current year presentation.

(b) Operating profit in 1997 for the U.S.; Canada; Europe; Asia, Latin America and Africa; and Unallocated includes $403.7 million; $8.2 million; $189.8 million; $91.2 million and $8.3 million, respectively, of the 1997 Charge described in Note 2.

(c) Operating profit in 1995 for the U.S.; Canada; Europe; Asia, Latin America and Africa; and Unallocated includes $575.6 million, $161.5 million, $464.1 million, $45.3 million and $193.5 million, respectively, of the 1995 Charge described in Note 2.

(d) Net sales include $246.0 million, $284.8 million and $310.3 million by operations in Canada to the U.S. in 1997, 1996 and 1995, respectively.

(e) Assets include investments in equity companies of $567.7 million, $551.1 million and $413.4 million in 1997, 1996 and 1995, 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, 1997					
Latin America(a)	$1,464.3	$ 528.6	$ 382.5	$ 283.1	$ 130.8
Asia, Australia and Middle East	698.1	253.6	93.6	55.0	26.5
Total	$2,162.4	$ 782.2	$ 476.1	$ 338.1	$ 157.3
For the year ended:					
December 31, 1996					
Latin America(b)	$1,380.5	$ 512.9	$ 344.3	$ 291.5	$ 133.1
North America, Asia, Australia and Middle East(c)(b)	725.7	253.0	83.8	42.8	19.3
Total	$2,106.2	$ 765.9	$ 428.1	$ 334.3	$ 152.4
For the year ended:					
December 31, 1995					
Latin America(d,e)	$1,465.2	$ 551.0	$ 399.8	$ 222.1	$ 104.8
North America, Asia, Australia, Africa(e) and Middle East	567.6	196.0	56.5	19.5	8.5
Total	$2,032.8	$ 747.0	$ 456.3	$ 241.6	$ 113.3

(a) Kimberly-Clark's share of net income includes a nonoperating gain of $16.3 million, primarily related to the sale of a portion of the tissue business of KCM. Additionally, operating profit, net income and Kimberly-Clark's share of net income includes $6.7 million, $4.4 million and $2.2 million, respectively, related to the 1997 Charge.

(b) Kimberly-Clark's share of net income includes a nonoperating charge of $5.5 million, recorded by KCM for restructuring costs related to its merger with Scott's former Mexican affiliate.

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

(d) Net income and Kimberly-Clark's share of net income includes a nonoperating charge of $89.4 million and $38.5 million, respectively, for foreign currency losses incurred by KCM on the translation of the net exposure of U.S. dollar-denominated liabilities into pesos resulting from the fluctuation of the Mexican peso. In 1996, this charge was not significant. Effective January 1, 1997, the Mexican economy was determined to be hyperinflationary and the 1997 U.S. dollar-denominated liabilities were translated using historical exchange rates. (See Note 8.)

(e) In the first quarter of 1995, the Corporation purchased additional shares of its subsidiaries in Argentina and South Africa, resulting in their consolidation.

(Millions of dollars)	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Stock-holders' Equity
December 31, 1997					
Latin America	$752.8	$ 624.6	$336.0	$278.4	$ 763.0
Asia, Australia and Middle East	226.8	386.9	128.0	185.5	300.2
Total	$979.6	$1,011.5	$464.0	$463.9	$1,063.2
December 31, 1996					
Latin America	$661.3	$ 606.3	$321.0	$267.5	$ 679.2
Asia, Australia and Middle East	272.5	463.8	168.9	225.3	342.0
Total	$933.8	$1,070.1	$489.9	$492.8	$1,021.2
December 31, 1995					
Latin America	$722.6	$ 599.2	$404.7	$339.1	$ 578.0
North America, Asia, Australia and Middle East	168.3	465.5	153.0	229.5	251.3
Total	$890.9	$1,064.7	$557.7	$568.6	$ 829.3

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

KCM is partially owned by the public and its stock is publicly traded in Mexico. At December 31, 1997, the Corporation's investment in this equity company was $365.3 million, and the estimated fair value was $2.9 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, 1997 and 1996, and the related consolidated income and cash flow statements for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements give retroactive effect to the merger of Kimberly-Clark Corporation and Scott Paper Company, which has been accounted for as a pooling of interests. We did not audit the financial statements of Scott Paper Company for the year ended December 31, 1995 (before the effects of the conforming adjustments that were applied to restate such statements) which statements reflect total net sales (in millions) of $4,131.6 for the year ended December 31, 1995. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Scott Paper Company for 1995, is based solely on the report of such other auditors. We audited the conforming adjustments that were applied to restate the 1995 financial statements of Scott Paper Company.

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

In our opinion, based on our audits and the report of other auditors referred to above, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark Corporation and Subsidiaries at December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP
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Deloitte & Touche LLP
Dallas, Texas
January 26, 1998

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

The members of the Audit Committee are selected by the board of directors. The committee consists of six outside directors and met three times during 1997.

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

Paul J. Collins
Chairman, Audit Committee
January 26, 1998

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

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

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

The Corporation has assessed its internal control system as of December 31, 1997, 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, 1997, 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.

Wayne R. Sanders	John W. Donehower
Chairman of the Board	Senior Vice President and
and Chief Executive Officer	Chief Financial Officer

January 26, 1998

ADDITIONAL INFORMATION

TRANSFER AND DIVIDEND DISBURSING AGENT AND REGISTRAR

Stockholders may contact BankBoston N.A., c/o Boston EquiServe L.P., P.O. Box 8040, Boston, Massachusetts 02266-8040, 800-730-4001. Stock certificates may be hand delivered in Boston and New York for transfer.

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

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

STOCK EXCHANGES

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

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders will be held at the Corporation's World Headquarters, 351 Phelps Drive, Irving, Texas, at 11 a.m. on Thursday, April 30, 1998.

INVESTOR RELATIONS

Shareholders, registered representatives, security analysts, portfolio managers and other investors desiring further information about the company should contact Michael D. Masseth, Vice President-Investor Relations at 972-281-1478. Investor information may also be obtained by calling 800-639-1352.

CALENDAR, SEC FORM 10-K AND OTHER INFORMATION

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

EMPLOYEES AND STOCKHOLDERS

In its worldwide consolidated operations, Kimberly-Clark had 57,000 employees as of December 31, 1997. Equity companies had an additional 12,700 employees. The Corporation had 56,475 stockholders of record and 556.3 million shares of common stock outstanding as of the same date.

TRADEMARKS

The brand names mentioned in this report - Andrex(R), Camelia(R), Classic Crest(R), Depend(R), Environment(R), GoodNites(R), Huggies(R), Kimbies(R), Kleenex(R), Cottonelle(R), Kleenex Super Saugtuch(R), Kotex(R), Kotex(R) White, Little Swimmers(R), Monbebe(R), Monica(R), Poise(R), Pull-Ups(R), Scott(R), Scotties(R), ScotTissue(R) and Waldorf(R) - are trademarks of Kimberly-Clark Corporation or its affiliates.

Cellucotton was formerly a trademark of Kimberly-Clark.

The 1997 Annual Report is printed on new Classic Crest avon brilliant white super smooth cover and text and on Environment woodstock text with 100 percent recycled fiber. These papers are produced by Kimberly-Clark's Neenah Paper Sector.

Exhibit No. (21)

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
SIGNIFICANT SUBSIDIARIES OF THE CORPORATION

The following list includes the significant subsidiaries which were owned directly or indirectly by Kimberly-Clark Corporation, a Delaware corporation, Dallas, Texas, as of December 31, 1997. Kimberly-Clark's percentage ownership of each company is 100 percent unless otherwise indicated. The place of incorporation is the same as the location of the company except as shown parenthetically.

CONSOLIDATED SUBSIDIARIES:

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

EQUITY COMPANY:

Kimberly-Clark de Mexico, S.A. de C.V. and subsidiaries, Mexico City, Mexico (46.4%)

Exhibit No. (23)a

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Kimberly-Clark Corporation's Registration Statements on Form S-8 (Nos. 33-5299, 33-49050, 33-58402, 33-64063, 33-64689, 33-64931, 333-02607, 333-06996, 333-17367, 333-38385 and 333-43647) and on Form S-3 (Nos. 33-52343 and 333-45399) of our reports dated January 26, 1998 and January 27, 1997, 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 26, 1998

Exhibit No. (23)b

INDEPENDENT AUDITORS' CONSENT

We hereby consent to the incorporation by reference in Kimberly-Clark Corporation's Registration Statements on Form S-8 (Nos. 33-5299, 33-49050, 33-58402, 33-64063, 33-64689, 33-64931, 333-02607, 333-06996, 333-17367, 333-38385 and 333-43647) and on Form S-3 (Nos. 33-52343 and 333-45399) of our report dated January 30, 1996, which makes reference to the Company adopting the provisions of Statement of Financial Accounting Standards No. 121 in 1995 and that our audits did not include the 1995 provisions for restructuring and other unusual charges which were audited by other auditors, on our audits of the consolidated financial statements and financial statement schedule of Scott Paper Company and subsidiaries as of December 30, 1995 and for the year then ended, which report is included in this Annual Report on Form 10-K of Kimberly-Clark Corporation.

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

COOPERS & LYBRAND L.L.P.

2400 Eleven Penn Center
Philadelphia, PA
March 26, 1998

Exhibit 24

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, 1997 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 26th day of February, 1998.

/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, 1997 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 26th day of February, 1998.

/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, 1997 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 26th day of February, 1998.

/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, 1997 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 26th day of February, 1998.

/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, 1997 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 26th day of February, 1998.

/s/ William O. Fifield

William O. Fifield

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 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 26th day of February, 1998.

/s/ Claudio X. Gonzalez

Claudio X. Gonzalez

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 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 26th day of February, 1998.

/s/ Louis E. Levy

Louis E. Levy

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, 1997 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 26th day of February, 1998.

/s/ Frank A. McPherson

Frank A. McPherson

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 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 26th day of February, 1998.

/s/ Linda Johnson Rice

Linda Johnson Rice

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 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 26th day of February, 1998.

/s/ Wayne R. Sanders

Wayne R. Sanders

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 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 26th day of February, 1998.

/s/ Wolfgang R. Schmitt

Wolfgang R. Schmitt

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 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 26th day of February, 1998.

/s/ Randall L. Tobias

Randall L. Tobias

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