

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

FORM 10-Q

(Mark One)

☒

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

For the quarterly period ended **March 31, 2008**

OR

☐

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

For the transition period from.....to.....

Commission file number **1-225**

**KIMBERLY-CLARK CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**39-0394230**

(I.R.S. Employer  
Identification No.)

**P. O. Box 619100**

**Dallas, Texas**

**75261-9100**

(Address of principal executive offices)  
(Zip Code)

**(972) 281-1200**

(Registrant's telephone number, including area code)

**No change**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

**As of April 30, 2008, there were 418,434,887 shares of the Corporation's common stock outstanding.**

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements.

#### KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENT (Unaudited)

(Millions of dollars, except per share amounts)	Three Months Ended March 31	
	2008	2007
<b>Net Sales</b>	<b>\$ 4,812.7</b>	<b>\$ 4,385.3</b>
Cost of products sold	<u>3,357.0</u>	<u>3,033.0</u>
<b>Gross Profit</b>	<b>1,455.7</b>	<b>1,352.3</b>
Marketing, research and general expenses	798.4	732.6
Other (income) and expense, net	<u>(6.8)</u>	<u>3.6</u>
<b>Operating Profit</b>	<b>664.1</b>	<b>616.1</b>
Nonoperating expense	-	(27.6)
Interest income	8.3	6.6
Interest expense	<u>(74.7)</u>	<u>(50.9)</u>
<b>Income Before Income Taxes and Equity Interests</b>	<b>597.7</b>	<b>544.2</b>
Provision for income taxes	<u>(164.6)</u>	<u>(112.1)</u>
<b>Income Before Equity Interests</b>	<b>433.1</b>	<b>432.1</b>
Share of net income of equity companies	43.4	45.0
Minority owners' share of subsidiaries' net income	<u>(35.6)</u>	<u>(25.1)</u>
<b>Net Income</b>	<b><u>\$ 440.9</u></b>	<b><u>\$ 452.0</u></b>

#### Per Share Basis:

<b>Net Income</b>		
Basic	<u>\$ 1.05</u>	<u>\$ .99</u>
Diluted	<u>\$ 1.04</u>	<u>\$ .98</u>
<b>Cash Dividends Declared</b>	<u>\$ .58</u>	<u>\$ .53</u>

See Notes to Consolidated Financial Statements.

**KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
(Unaudited)

(Millions of dollars)	March 31, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 524.7	\$ 472.7
Accounts receivable, net	2,606.8	2,560.6
Inventories	2,612.6	2,443.8
Other current assets	509.0	619.5
<b>Total Current Assets</b>	<b>6,253.1</b>	<b>6,096.6</b>
<b>Property</b>	<b>16,567.5</b>	<b>16,243.0</b>
Less accumulated depreciation	8,337.2	8,149.0
<b>Net Property</b>	<b>8,230.3</b>	<b>8,094.0</b>
<b>Investments in Equity Companies</b>	<b>428.6</b>	<b>390.0</b>
<b>Goodwill</b>	<b>3,013.5</b>	<b>2,942.4</b>
<b>Other Assets</b>	<b>986.9</b>	<b>916.7</b>
	<b>\$ 18,912.4</b>	<b>\$ 18,439.7</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Debt payable within one year	\$ 1,282.4	\$ 1,097.9
Accounts payable	1,737.2	1,768.3
Accrued expenses	1,602.1	1,782.8
Other current liabilities	418.4	279.6
<b>Total Current Liabilities</b>	<b>5,040.1</b>	<b>4,928.6</b>
<b>Long-Term Debt</b>	<b>4,442.6</b>	<b>4,393.9</b>
<b>Noncurrent Employee Benefits</b>	<b>1,541.1</b>	<b>1,558.5</b>
<b>Long-Term Income Taxes Payable</b>	<b>240.9</b>	<b>288.3</b>
<b>Deferred Income Taxes</b>	<b>398.5</b>	<b>369.7</b>
<b>Other Liabilities</b>	<b>210.5</b>	<b>188.3</b>
<b>Minority Owners' Interests in Subsidiaries</b>	<b>459.6</b>	<b>484.1</b>
<b>Redeemable Preferred Securities of Subsidiary</b>	<b>1,010.9</b>	<b>1,004.6</b>
<b>Stockholders' Equity</b>	<b>5,568.2</b>	<b>5,223.7</b>
	<b>\$ 18,912.4</b>	<b>\$ 18,439.7</b>

See Notes to Consolidated Financial Statements.

**KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
(Unaudited)

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
<b>Operating Activities</b>		
Net income	\$ 440.9	\$ 452.0
Depreciation and amortization	199.5	214.6
Stock-based compensation	17.6	13.9
Increase in operating working capital	(230.9)	(98.8)
Deferred income tax provision	8.1	(34.9)
Net losses on asset dispositions	10.4	2.7
Equity companies' earnings in excess of dividends paid	(43.4)	(44.0)
Minority owners' share of subsidiaries' net income	35.6	25.1
Postretirement benefits	(8.1)	(11.4)
Other	14.4	5.3
<b>Cash Provided by Operations</b>	<b>444.1</b>	<b>524.5</b>
<b>Investing Activities</b>		
Capital spending	(221.1)	(281.8)
Acquisition of businesses, net of cash acquired	(16.5)	(15.7)
Proceeds from sales of investments	23.1	7.5
Proceeds from dispositions of property	-	58.0
Net decrease in time deposits	47.4	42.8
Investments in marketable securities	-	(3.4)
Other	(2.5)	(5.5)
<b>Cash Used for Investing</b>	<b>(169.6)</b>	<b>(198.1)</b>
<b>Financing Activities</b>		
Cash dividends paid	(223.7)	(224.1)
Net increase (decrease) in short-term debt	168.2	(40.1)
Proceeds from issuance of long-term debt	30.9	3.9
Repayments of long-term debt	(4.0)	(5.6)
Cash paid on redeemable preferred securities of subsidiary	(7.0)	-
Proceeds from exercise of stock options	54.2	101.4
Acquisitions of common stock for the treasury	(207.9)	(158.5)
Other	(29.5)	(24.8)
<b>Cash Used for Financing</b>	<b>(218.8)</b>	<b>(347.8)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3.7)	2.6
Increase (Decrease) in Cash and Cash Equivalents	52.0	(18.8)
Cash and Cash Equivalents, beginning of year	472.7	360.8
<b>Cash and Cash Equivalents, end of period</b>	<b>\$ 524.7</b>	<b>\$ 342.0</b>

See Notes to Consolidated Financial Statements.

**KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Note 1. Accounting Policies**

***Basis of Presentation***

The accompanying unaudited condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

For further information, refer to the Consolidated Financial Statements and footnotes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2007.

***New Accounting Standards***

In February 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 allows entities to choose, at specified election dates, to measure financial instruments (financial assets and liabilities) at fair value (the "Fair Value Option"). The election is made on an instrument-by-instrument basis and is irrevocable. If the Fair Value Option is elected for an instrument, SFAS 159 specifies that all subsequent changes in fair value for that instrument be reported in earnings. SFAS 159 was effective as of the beginning of the first fiscal year that began after November 15, 2007. The Corporation has not applied the Fair Value Option to any of its existing financial assets or liabilities.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) requires the acquirer in a business combination to:

- recognize 100 percent of the fair values of acquired assets, including goodwill, and assumed liabilities, with only limited exceptions, even if the acquirer has not acquired 100 percent of the target entity,
- fair value contingent consideration arrangements at the acquisition date,
- expense transaction costs as incurred rather than being considered part of the fair value of an acquirer's interest,
- fair value certain preacquisition contingencies, such as environmental or legal issues,
- limit accrual of the costs for a restructuring plan in purchase accounting, and
- capitalize the value of acquired research and development as an indefinite-lived intangible asset, subject to impairment accounting, rather than being expensed at the acquisition date.

SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. Adoption is prospective, and early adoption is not permitted. Adoption of SFAS 141(R) is not expected to have a material effect on the Corporation's financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51* ("SFAS 160"). SFAS 160 clarifies the classification of noncontrolling interests (i.e., minority owners' interests in subsidiaries) in consolidated balance sheets and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests.

**Note 1. (Continued)**

Under SFAS 160:

- Noncontrolling interests are reported as an element of consolidated equity, thereby eliminating the current practice of classifying minority owners' interests within a mezzanine section of the balance sheet.
- The current practice of reporting minority owners' share of subsidiaries' net income will change. Reported net income will consist of the total income of all consolidated subsidiaries, with separate disclosure on the face of the income statement of the split of that income between the controlling and noncontrolling interests.
- Increases and decreases in the noncontrolling ownership interest amount will be accounted for as equity transactions. If the controlling interest loses control and deconsolidates a subsidiary, full gain or loss on the transition will be recognized.

SFAS 160 is effective for fiscal years beginning after December 15, 2008. Early adoption is not permitted. Adoption is prospective, except for the following provisions, which are required to be adopted retrospectively:

- Noncontrolling interests are required to be reclassified from the mezzanine to equity, separate from the parent's shareholders' equity, in the consolidated balance sheet.
- Consolidated net income must be recast to include net income attributable to both controlling and noncontrolling interests.

Except for the reclassification of minority owners' interests into equity and the inclusion of all of the income of less than 100 percent owned subsidiaries in reported net income, adoption of SFAS 160 is not expected to have a material effect on the Corporation's financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 applies to all derivative instruments and related hedged items accounted for under SFAS 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"). SFAS 161 requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations, and cash flows.

SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Adoption of SFAS 161 is not expected to have a material effect on the Corporation's financial statements.

**Note 2. Fair Value Measurements**

Effective January 1, 2008, the Corporation adopted SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), for its financial assets and liabilities, as required. In February 2008, the FASB issued FASB Staff Position No. 157-2 which deferred the effective date of SFAS 157 for nonfinancial assets and liabilities except for those recognized or disclosed on a recurring basis. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels in the hierarchy used to measure fair value are:

Level 1 – Unadjusted quoted prices in active markets accessible at the reporting date for identical assets and liabilities.

**Note 2. (Continued)**

Level 2 – Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets and liabilities in markets that are not considered active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are significant to the valuation and are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Set forth below, are the financial assets and liabilities measured at fair value as of March 31, 2008, together with the inputs used to develop those fair value measurements. The Corporation has no financial assets or liabilities for which fair value was measured using Level 3 inputs.

(Millions of dollars)	March 31, 2008	Fair Value Measurements	
		Level 1	Level 2
<b>Assets</b>			
Company-owned life insurance ("COLI")	\$ 48.6	\$ -	\$ 48.6
Available-for-sale securities	7.8	7.8	-
Derivatives	59.1	-	59.1
Total	\$ 115.5	\$ 7.8	\$ 107.7
<b>Liabilities</b>			
Derivatives	\$ 43.9	\$ -	\$ 43.9

The COLI policies are a source of funding primarily for the Corporation's nonqualified employee benefit plans and are included in other assets. Available-for-sale securities are included in other assets. The derivative assets and liabilities are included in other current assets, other assets, accrued expenses and other liabilities, as appropriate.

Level 1 Fair Values - The fair values of available-for-sale securities are based on quoted market prices in active markets for identical assets.

Level 2 Fair Values - The fair value of the COLI policies is derived from investments in a mix of money market, fixed income and equity funds (the "funds") managed by unrelated fund managers. The fair values of derivatives used to manage interest rate risk and commodity price risk are based on LIBOR rates and the interest rate swap curves and NYMEX price quotations, respectively. The fair value of hedging instruments used to manage foreign currency risk is based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates.

**Note 3. Strategic Cost Reduction Plan**

In July 2005, the Corporation authorized a multi-year plan to further improve its competitive position by accelerating investments in targeted growth opportunities and strategic cost reductions aimed at streamlining manufacturing and administrative operations, primarily in North America and Europe.

The strategic cost reductions commenced in the third quarter of 2005 and are expected to be substantially completed by December 31, 2008. Based on current estimates, the strategic cost

**Note 3. (Continued)**

reductions are expected to result in cumulative charges of approximately \$880 million to \$910 million before tax (\$610 - \$630 million after tax) over that three and one-half year period.

By the end of 2008, it is anticipated there will be a net workforce reduction of about 10 percent, or approximately 6,000 employees. Since the inception of the strategic cost reductions, a net workforce reduction of approximately 5,200 has occurred. As of March 31, 2008, charges have been recorded related to strategic cost reduction initiatives for all affected facilities. To date, 14 facilities have been disposed of and three additional facilities have been closed and are being marketed for sale. Two other facilities will be closed prior to December 31, 2008. In addition, streamlining at four facilities has been completed.

The following pretax charges were incurred in connection with the strategic cost reductions:

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
Noncash charges	\$ 6.3	\$ 23.9
Charges for workforce reductions	9.4	4.6
Other cash charges	4.8	8.4
Charges for special pension and other benefits	<u>3.3</u>	<u>3.7</u>
Total pretax charges	<u>\$ 23.8</u>	<u>\$ 40.6</u>

The following table summarizes the noncash charges:

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
Incremental depreciation	\$ 3.7	\$ 30.4
Asset write-offs	1.9	3.3
Net loss (gain) on asset dispositions	<u>.7</u>	<u>(9.8)</u>
Total noncash charges	<u>\$ 6.3</u>	<u>\$ 23.9</u>

The following table summarizes the cash charges recorded and reconciles such charges to accrued expenses at March 31:

(Millions of dollars)	2008		2007	
Accrued expenses – beginning of the year	\$ 53.8		\$ 111.2	
Charges for workforce reductions	9.4		4.6	
Other cash charges	4.8		8.4	
Cash payments	(27.1)		(36.0)	
Currency	<u>1.3</u>		<u>2.6</u>	
Accrued expenses at March 31	<u>\$ 42.2</u>		<u>\$ 90.8</u>	

Termination benefits related to workforce reductions were accrued in accordance with the requirements of SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* ("SFAS 146"),



**Note 3. (Continued)**

SFAS No. 112, *Employers' Accounting for Postemployment Benefits*, and SFAS No. 88, *Employers' Accounting for Settlements & Curtailments of Defined Benefit Pension Plans and for Termination Benefits*, as appropriate. Retention bonuses related to workforce reductions were accrued in accordance with SFAS 146. The majority of the termination benefits and retention bonuses will be paid within 12 months of accrual. The termination benefits were provided under: a special-benefit arrangement for affected employees in the U.S.; standard benefit practices in the U.K.; applicable union agreements; or local statutory requirements, as appropriate. Incremental depreciation was based on changes in useful lives and estimated residual values of assets that are continuing to be used, but will be removed from service before the end of their originally assumed service period.

Costs of the initiatives have not been recorded at the business segment level, as the strategic cost reductions are corporate decisions. These charges are included in the following income statement captions:

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
Cost of products sold	\$ 11.8	\$ 41.8
Marketing, research and general expenses	11.3	8.1
Other (income) and expense, net	.7	(9.3)
Pretax charges	23.8	40.6
Provision for income taxes	(7.7)	(25.6)
Total after-tax charges	\$ 16.1	\$ 15.0

See Note 10 for additional information on the strategic cost reductions by business segment.

Actual pretax charges recorded for the strategic cost reductions relate to activities in the following geographic areas for the three months ended March 31:

(Millions of dollars)	2008			
	North America	Europe	Other	Total
Incremental depreciation	\$ 1.6	\$ 2.1	\$ -	\$ 3.7
Asset write-offs	1.9	-	-	1.9
Charges for workforce reductions and special pension and other benefits	6.9	5.4	.4	12.7
Loss on asset disposal and other charges	3.8	1.4	.3	5.5
Total charges	\$ 14.2	\$ 8.9	\$ .7	\$ 23.8

**Note 3. (Continued)**

(Millions of dollars)	2007			
	North America	Europe	Other	Total
Incremental depreciation	\$ 15.9	\$ 13.0	\$ 1.5	\$ 30.4
Asset write-offs	1.8	1.4	.1	3.3
Charges for workforce reductions and special pension and other benefits	6.3	1.7	.3	8.3
Loss (gain) on asset disposal and other charges	<u>3.2</u>	<u>(3.4)</u>	<u>(1.2)</u>	<u>(1.4)</u>
<b>Total charges</b>	<b><u>\$ 27.2</u></b>	<b><u>\$ 12.7</u></b>	<b><u>\$ .7</u></b>	<b><u>\$ 40.6</u></b>

**Note 4. Inventories**

The following schedule presents inventories by major class as of March 31, 2008 and December 31, 2007:

(Millions of dollars)	March 31, 2008	December 31, 2007
At lower of cost on the First-In, First-Out (FIFO) method or market:		
Raw materials	\$ 500.7	\$ 476.3
Work in process	377.5	357.3
Finished goods	1,685.2	1,564.1
Supplies and other	<u>273.1</u>	<u>261.0</u>
	<b>2,836.5</b>	<b>2,658.7</b>
Excess of FIFO cost over Last-In, First-Out (LIFO) cost	<u>(223.9)</u>	<u>(214.9)</u>
<b>Total</b>	<b><u>\$ 2,612.6</u></b>	<b><u>\$ 2,443.8</u></b>

The Corporation uses the LIFO method of valuing inventory for financial reporting purposes for most U.S. inventories. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs and are subject to the final year-end LIFO inventory valuation.

FIFO cost of total inventories on the LIFO method was \$1,289.5 million and \$1,203.0 million at March 31, 2008 and December 31, 2007, respectively.

**Note 5. Synthetic Fuel Partnerships**

The Corporation had minority interests in two synthetic fuel partnerships. The production of synthetic fuel resulted in pretax losses that were reported as nonoperating expense on the Corporation's Consolidated Income Statement. Synthetic fuel produced by the partnerships was eligible for synthetic fuel tax credits through the end of 2007 at which time the law giving rise to the tax benefit expired. The partnerships will be dissolved during 2008 at no cost to the Corporation. In addition, in 2007 there were

**Note 5. (Continued)**

tax deductions for the nonoperating losses, which reduced the Corporation's income tax expense. The effects of those losses and benefits for 2007 are shown in the following table:

(Millions of dollars)	Three Months Ended March 31, 2007	
Nonoperating expense		\$ (27.6)
Tax credits	\$ 25.6	
Tax benefit of nonoperating expense	<u>9.1</u>	<u>34.7</u>
Net synthetic fuel benefit		<u>\$ 7.1</u>
Per share basis – diluted		<u>\$ .02</u>

**Note 6. Employee Postretirement Benefits**

The table below presents the interim period disclosure required by SFAS No. 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits*:

(Millions of dollars)	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Three Months Ended March 31			
	2008	2007	2008	2007
Service cost	\$ 19.7	\$ 21.4	\$ 3.3	\$ 3.4
Interest cost	82.3	78.7	13.2	12.1
Expected return on plan assets	(94.3)	(92.1)	-	-
Recognized net actuarial loss	14.1	19.3	.9	.8
Other	4.2	5.0	.8	.8
Net periodic benefit cost	\$ 26.0	\$ 32.3	\$ 18.2	\$ 17.1

During the first quarter of 2008 and 2007, the Corporation made cash contributions of approximately \$36 million and \$42 million, respectively, to its pension trusts outside the U.S. The Corporation currently anticipates contributing about \$82 million for the full year in 2008 to its pension trusts outside the U.S.

While no 2008 contributions to the U.S. pension trust are currently anticipated, the funded status of the plan is reviewed regularly in light of regulatory requirements, pension asset returns, and interest rates.

## Note 7. Earnings Per Share

There are no adjustments required to be made to net income for purposes of computing basic and diluted EPS. The average number of common shares outstanding used in the basic EPS computations is reconciled to those used in the diluted EPS computation as follows:

(Millions of shares)	Average Common Shares Outstanding for the Three Months Ended March 31	
	2008	2007
Basic	420.2	455.8
Dilutive effect of stock options	1.6	2.7
Dilutive effect of restricted share and restricted share unit awards	1.2	1.4
Diluted	<u>423.0</u>	<u>459.9</u>

Options outstanding during the three month periods ended March 31, 2008 and 2007 to purchase 7.8 million and 118,000 shares of common stock, respectively, were not included in the computation of diluted EPS because the exercise prices of the options were greater than the average market price of the common shares.

The number of common shares outstanding as of March 31, 2008 and 2007 was 419.1 million and 455.3 million, respectively.

## Note 8. Comprehensive Income

Comprehensive income includes all changes in stockholders' equity during the periods except those resulting from investments by and distributions to stockholders.

The following schedule presents the components of comprehensive income:

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
Net income	\$ 440.9	\$ 452.0
Unrealized currency translation adjustments	300.8	68.3
Employee postretirement benefits, net	(1.1)	36.8
Deferred (losses) gains on cash flow hedges, net of tax	(21.5)	3.5
Unrealized holding losses on available-for-sale securities	<u>(.8)</u>	<u>-</u>
Comprehensive income	<u>\$ 718.3</u>	<u>\$ 560.6</u>

Net unrealized currency gains or losses resulting from the translation of assets and liabilities of non-U.S. subsidiaries, except those in highly inflationary economies, are accumulated in a separate section of stockholders' equity. For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation adjustments are recorded in stockholders' equity rather than income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable

**Note 8. (Continued)**

unrealized translation adjustment would be removed from stockholders' equity and reported as part of the gain or loss on the sale or liquidation.

Also included are the effects of foreign exchange rate changes on intercompany balances of a long-term investment nature and transactions designated as hedges of net foreign investments.

The net unrealized currency translation adjustments for the three months ended March 31, 2008 are primarily due to a weakening of the U.S. dollar versus the Australian dollar, Colombian peso, Czech koruna, euro and Swiss franc.

**Note 9. Accelerated Share Repurchase Program**

On July 23, 2007, the Corporation entered into an Accelerated Share Repurchase ("ASR") Agreement through which it purchased \$2 billion of outstanding shares of its common stock. Under the ASR Agreement, the Corporation purchased approximately 29.6 million shares of its common stock from Bank of America, N.A. ("Bank of America") at an initial purchase price of \$67.48 per share. These repurchased shares were classified as treasury shares.

Bank of America was expected to repurchase an equivalent number of shares in the open market during the period from July 26, 2007 to June 20, 2008 (the "Repurchase Period"). The ASR Agreement included a provision that allowed Bank of America, at its discretion, to accelerate the program so that the Repurchase Period could end as early as March 10, 2008. The initial purchase price per share was subject to an adjustment based on the volume weighted average price per share of the Corporation's shares of common stock during the Repurchase Period.

On March 10, 2008, Bank of America notified the Corporation of its election to exercise the option for early settlement of the ASR Agreement. As a result of this settlement, Bank of America paid the Corporation approximately \$4.9 million, which reduced the overall cost to acquire the shares.

## Note 10. Description of Business Segments

The Corporation is organized into operating segments based on product groupings. These operating segments have been aggregated into four reportable global business segments: Personal Care; Consumer Tissue; K-C Professional & Other; and Health Care. The reportable segments were determined in accordance with how the Corporation's executive managers develop and execute the Corporation's global strategies to drive growth and profitability of the Corporation's worldwide Personal Care, Consumer Tissue, K-C Professional & Other and Health Care operations. These strategies include global plans for branding and product positioning, technology, research and development programs, cost reductions including supply chain management, and capacity and capital investments for each of these businesses. Segment management is evaluated on several factors, including operating profit. Segment operating profit excludes other income and (expense), net; income and expense not associated with the business segments; and the costs of corporate decisions related to the strategic cost reductions described in Note 3.

The principal sources of revenue in each global business segment are described below.

- The Personal Care segment manufactures and markets disposable diapers, training and youth pants and swimpants; baby wipes; feminine and incontinence care products; and related products. Products in this segment are primarily for household use and are sold under a variety of brand names, including Huggies, Pull-Ups, Little Swimmers, GoodNites, Kotex, Lightdays, Depend, Poise and other brand names.
- The Consumer Tissue segment manufactures and markets facial and bathroom tissue, paper towels, napkins and related products for household use. Products in this segment are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Hakle, Page and other brand names.
- The K-C Professional & Other segment manufactures and markets facial and bathroom tissue, paper towels, napkins, wipers and a range of safety products for the away-from-home marketplace. Products in this segment are sold under the Kimberly-Clark, Kleenex, Scott, WypAll, Kimtech, Kleenguard and Kimcare brand names.
- The Health Care segment manufactures and markets disposable health care products such as surgical gowns, drapes, infection control products, sterilization wrap, face masks, exam gloves, respiratory products and other disposable medical products. Products in this segment are sold under the Kimberly-Clark, Ballard and other brand names.

**Note 10.** (Continued)

The following schedules present information concerning consolidated operations by business segment:

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
NET SALES:		
Personal Care	\$ 2,046.1	\$ 1,797.6
Consumer Tissue	1,707.0	1,593.1
K-C Professional & Other	761.0	697.4
Health Care	297.9	302.7
Corporate & Other	21.8	8.0
Intersegment sales	(21.1)	(13.5)
Consolidated	<u>\$ 4,812.7</u>	<u>\$ 4,385.3</u>

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
OPERATING PROFIT (reconciled to income before income taxes):		
Personal Care	\$ 428.2	\$ 347.2
Consumer Tissue	155.5	207.1
K-C Professional & Other	96.7	108.7
Health Care	46.2	55.6
Other income and (expense), net (a)	6.8	(3.6)
Corporate & Other (a) (b)	(69.3)	(98.9)
Total Operating Profit	664.1	616.1
Nonoperating expense	-	(27.6)
Interest income	8.3	6.6
Interest expense	(74.7)	(50.9)
Income Before Income Taxes	<u>\$ 597.7</u>	<u>\$ 544.2</u>

**Note 10.** (Continued)

## Notes:

- (a) Other income and (expense), net and Corporate & Other include the following amounts of pretax charges for the strategic cost reductions:

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
Other income and (expense), net	\$ (.7)	\$ 9.3
Corporate & Other	(23.1)	(49.9)

- (b) In 2007, Corporate & Other also includes incremental implementation costs of \$12.2 million related to the transfer of certain administrative processes to third-party providers.

The following table presents the pretax charges for the strategic cost reductions related to activities in the Corporation's business segments:

(Millions of dollars)	Three Months Ended March 31	
	2008	2007
Personal Care	\$ 10.9	\$ 20.4
Consumer Tissue	5.2	15.9
K-C Professional & Other	1.4	2.6
Health Care	6.3	1.7
Total	\$ 23.8	\$ 40.6

Cumulative pretax charges expected to be incurred for the strategic cost reductions of \$880 to \$910 million by business segment are: Personal Care - \$485 to \$500 million; Consumer Tissue - \$195 to \$200 million; K-C Professional & Other - \$70 to \$75 million; and Health Care - \$130 to \$135 million.



## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

### **Introduction**

This management's discussion and analysis of financial condition and results of operations is intended to provide investors with an understanding of the Corporation's recent performance, its financial condition and its prospects. The following will be discussed and analyzed:

- Overview of First Quarter 2008 Results
- Results of Operations and Related Information
- Liquidity and Capital Resources
- New Accounting Standards
- Environmental Matters
- Business Outlook

### **Overview of First Quarter 2008 Results**

- Net sales increased 9.7 percent.
- Operating profit increased 7.8 percent, however, net income decreased by 2.5 percent.
- Cash provided by operations was \$444.1 million.

### **Results of Operations and Related Information**

This section presents a discussion and analysis of the Corporation's first quarter of 2008 net sales, operating profit and other information relevant to an understanding of the results of operations.

# First Quarter of 2008 Compared With First Quarter of 2007

## Analysis of Net Sales

By Business Segment  
(Millions of dollars)

Net Sales	2008	2007
Personal Care	\$ 2,046.1	\$ 1,797.6
Consumer Tissue	1,707.0	1,593.1
K-C Professional & Other	761.0	697.4
Health Care	297.9	302.7
Corporate & Other	21.8	8.0
Intersegment sales	(21.1)	(13.5)
Consolidated	<u>\$ 4,812.7</u>	<u>\$ 4,385.3</u>

### Commentary:

	Percent Change in Net Sales Versus Prior Year				
	Total Change	Change Due To			
		Volume Growth	Net Price	Currency	Other
Consolidated	9.7	3	2	4	1
Personal Care	13.8	7	1	5	1
Consumer Tissue	7.1	(1)	3	4	1
K-C Professional & Other	9.1	2	2	5	-
Health Care	(1.6)	(1)	(2)	2	(1)

Consolidated net sales increased 9.7 percent from the first quarter of 2007 on the strength of nearly 3 percent higher sales volumes and higher net selling prices of about 2 percent, while favorable product mix added approximately 1 percent. Stronger foreign currencies also added more than 4 percent to net sales.

- Net sales of personal care products climbed 13.8 percent in the first quarter. Sales volumes rose 7 percent, while net selling prices and product mix both improved about 1 percent and currency effects added approximately 5 percent to net sales.

Personal care net sales in North America were up about 6 percent compared with the first quarter of 2007, driven by increased sales volumes and net selling prices, up approximately 4 percent and 2 percent, respectively. Sales volumes improved across most categories, paced by double-digit growth for the Corporation's Depend and Poise incontinence care brands and mid-single digit growth for Huggies baby wipes. In diapers and child care, sales volumes rose about 2 percent in comparison to strong increases in the year-ago quarter. Child care volumes benefited from continued growth in higher-margin, super premium GoodNites Sleep Boxers and Sleep Shorts. Selling prices were higher primarily as a result of price increases for diaper and child care products implemented during the first quarter in the U.S.

In Europe, personal care net sales were up 8 percent in the quarter, as favorable currency effects boosted sales by about 11 percent. Increased sales volumes of 1 percent were more than offset by a 3 percent decline in net selling prices and slightly lower product mix. The volume gain reflects higher sales of Huggies diapers and baby wipes, Pull-Ups training pants and DryNites youth pants across the region. However, competitive promotional activity in diapers affected net selling prices and also contributed to a 2 percent decline in sales volumes of Huggies diapers in the Corporation's four core markets – U.K., France, Italy and Spain. In developing and emerging markets, personal care net sales increased nearly 26 percent, representing the fourteenth consecutive quarter of double-digit growth, as the Corporation is benefiting from strong product and customer programs in rapidly-growing markets. Sales volumes increased more than 13 percent and the mix of products sold improved about 3 percent, while net selling prices went up 2 percent. Stronger foreign currencies benefited net sales by approximately 8 percent. The growth in sales volumes was broad-based, with particular strength throughout most of Latin America and in South Korea, China, Russia, Turkey and Vietnam.

Net sales of consumer tissue products were 7.1 percent above the first quarter of 2007. Although overall sales volumes declined 1 percent versus the prior year, net selling prices and product mix improved by 3 percent and 1 percent, respectively, and favorable currency exchange rates benefited net sales by 4 percent.

In North America, net sales of consumer tissue products rose slightly in the first quarter, as an increase in net selling prices of more than 2 percent and favorable product mix of 1 percent were mostly offset by a 3 percent decline in sales volumes. The decrease in sales volumes was driven primarily by the Corporation's decision to shed certain low-margin business as a part of the Corporation's overall focus on improving revenue realization and to support continued growth of Scott bathroom tissue and other higher-margin offerings. Sales volumes of Kleenex facial tissue were essentially even with the year-ago quarter, as the cold and flu season recovered from the weakness experienced in the fourth quarter of last year. The increase in net selling prices includes the benefit from price increases for bathroom tissue and paper towels in the U.S. that were successfully implemented mid-quarter.

In Europe, consumer tissue net sales rose about 13 percent. Currency exchange rates strengthened by an average of almost 9 percent, accounting for a majority of the increase. Sales volumes were up approximately 6 percent, on higher sales of Kleenex facial tissue and Andrex bathroom tissue, partially offset by declines of 1 percent each in net selling prices and product mix. Consumer tissue net sales in developing and emerging markets rose approximately 16 percent. Net selling prices and product mix improved 8 percent and 1 percent, respectively, while sales volumes were down more than 2 percent. This reflects the Corporation's strategy to raise prices in response to higher raw materials costs and to shift mix to more differentiated, higher-margin products. Favorable currency effects added about 9 percent to net sales.

Net sales of K-C Professional (KCP) & Other products advanced 9.1 percent compared with the year-ago quarter. Sales volumes and net selling prices both were approximately 2 percent better than the prior year, while changes in foreign currency rates benefited net sales by about 5 percent. KCP continued to post strong sales volume gains in Latin America and volumes were up 2 percent in North America and 4 percent in Europe, reflecting continued growth of the Kleenex, Scott and Cottonelle washroom brands and Kimtech and WypAll wiper products. Net selling prices were higher in every region around the world as a result of increases implemented over the past year.

- Net sales of health care products decreased 1.6 percent in the first quarter. Net selling prices declined by approximately 2 percent and sales volumes and product mix were both lower by about 1 percent, partially offset by currency benefits of 2 percent. The volume and price declines were mainly attributable to competitive conditions affecting surgical supplies in North America, along with lower demand for face masks globally due to avian flu preparedness in 2007. Meanwhile, sales of higher-margin medical devices, particularly Ballard respiratory catheters, continued to generate improvement in net sales.

By Geography  
(Millions of dollars)

<b>Net Sales</b>	<b>2008</b>	<b>2007</b>
North America	\$ 2,550.5	\$ 2,472.7
Outside North America	2,432.2	2,058.0
Intergeographic sales	(170.0)	(145.4)
Consolidated	<u>\$ 4,812.7</u>	<u>\$ 4,385.3</u>

Commentary:

- Net sales in North America increased 3.1 percent primarily due to the higher personal care sales volumes and the higher net selling prices for both personal care and consumer tissue. These gains were partially offset by the lower consumer tissue sales volumes.
- Net sales outside of North America increased 18.2 percent because of the previously mentioned strength in the developing and emerging markets, and favorable currency effects in Europe, Australia and Brazil.

**Analysis of Operating Profit**

By Business Segment  
(Millions of dollars)

<b>Operating Profit</b>	<b>2008</b>	<b>2007</b>
Personal Care	\$ 428.2	\$ 347.2
Consumer Tissue	155.5	207.1
K-C Professional & Other	96.7	108.7
Health Care	46.2	55.6
Other income and (expense), net (a)	6.8	(3.6)
Corporate & Other (a) (b)	(69.3)	(98.9)
Consolidated	<u>\$ 664.1</u>	<u>\$ 616.1</u>

Notes:

- (a) Other income and (expense), net and Corporate & Other include the following pretax amounts for the strategic cost reductions:

(Millions of dollars)	2008	2007
Other income and (expense), net	\$ (.7)	\$ 9.3
Corporate & Other	(23.1)	(49.9)

- (b) In 2007, Corporate & Other also includes incremental implementation costs of \$12.2 million related to the transfer of certain administrative processes to third-party providers.

Commentary:

	Percentage Change in Operating Profit Versus Prior Year						
	Change Due To						
	Total Change	Volume	Net Price	Raw Materials Cost	Energy and Distribution Expense	Currency	Other <sup>(a)</sup>
Consolidated	7.8	9	13	(21)	(6)	9	4 <sup>(b)</sup>
Personal Care	23.3	16	8	(14)	(3)	5	11
Consumer Tissue	(24.9)	1	21	(28)	(11)	1	(9)
K-C Professional & Other	(11.0)	3	14	(21)	(5)	5	(7)
Health Care	(16.9)	(4)	(8)	(1)	(1)	7	(10)

- (a) Includes cost savings.

- (b) Charges for the strategic cost reductions were \$17 million lower in 2008 than in 2007.

Consolidated operating profit for the first quarter of 2008 increased \$48.0 million or 7.8 percent from the prior year. Lower charges for the strategic cost reductions increased operating profit by about \$17 million. Charges for the strategic cost reductions, discussed later in this MD&A and in Note 3 to the Consolidated Financial Statements, are not included in the results of the business segments. Increased net selling prices of about \$80 million, higher sales volumes of nearly \$60 million and cost savings of about \$51 million were tempered by cost inflation of approximately \$160 million. The inflationary increases were driven primarily by higher fiber costs, up \$70 million versus the first quarter of 2007, and more than \$55 million for raw materials other than fiber, including nonwovens and other oil-based materials, along with about \$20 million of higher energy costs and approximately \$15 million in distribution costs. Marketing, research and general expenses in the first quarter of 2008 reflect an increase of about \$22 million for strategic marketing spending, as well as increased expenses of nearly \$27 million to support growth in developing and emerging markets and to further build capabilities in key areas such as customer development. The increase in operating profit also reflects more than \$50 million of favorable currency effects compared with the prior year, including gains and losses from currency transactions reported in other income and (expense), net. Also included in first quarter 2007 earnings were incremental charges of about \$12 million related to the transfer of certain administrative processes to third-party providers.

- Personal care segment operating profit increased 23.3 percent as the benefits of the increased net sales, cost savings and favorable currency effects more than offset the increased materials cost inflation. Similarly, in North America, operating profit increased due to higher sales volumes, increased net selling prices and cost savings, tempered by cost inflation. In Europe, operating profit rose primarily because of cost savings. Operating profit in the developing and emerging markets increased due to the higher sales volumes and increased net selling prices, tempered by higher marketing and general expenses.
- Consumer tissue segment operating profit declined 24.9 percent as higher net selling prices and cost savings were more than offset by higher raw materials, energy and distribution costs. In both North America and Europe, operating profit decreased due to the same factors that affected the overall segment. In the developing and emerging markets, operating profit decreased as higher net selling prices were more than offset by cost inflation and increased marketing and general expenses.
- Operating profit for K-C Professional & Other products decreased 11.0 percent because higher net selling prices were more than offset by cost inflation, primarily for waste paper, and increased mill maintenance expense.
- Health care segment operating profit declined 16.9 percent principally due to the lower sales volumes and net selling prices, and less favorable product mix. In addition, marketing, research and general expenses increased in support of capability building.
- Other income and (expense), net for 2008 includes foreign currency transaction gains of approximately \$12 million versus losses of about \$10 million in 2007. Gains of more than \$9 million on properties disposed of as part of the strategic cost reduction plan are also included in 2007.

By Geography  
(Millions of dollars)

<b>Operating Profit</b>	<b>2008</b>	<b>2007</b>
North America	\$ 468.6	\$ 490.9
Outside North America	258.0	227.7
Other income and (expense), net (a)	6.8	(3.6)
Corporate & Other (a) (b)	<u>(69.3)</u>	<u>(98.9)</u>
<b>Consolidated</b>	<b><u>\$ 664.1</u></b>	<b><u>\$ 616.1</u></b>

Notes:

- (a) Other income and (expense), net and Corporate & Other include the following pretax amounts for the strategic cost reductions:

(Millions of dollars)	<b>2008</b>	<b>2007</b>
Other income and (expense), net	\$ (.7)	\$ 9.3
Corporate & Other	(23.1)	(49.9)

- (b) In 2007, Corporate & Other also includes incremental implementation costs of \$12.2 million related to the transfer of certain administrative processes to third-party providers.

**Commentary:**

- Operating profit in North America decreased 4.5 percent as the higher personal care sales volumes, increased net selling prices and overall cost savings were more than offset by cost inflation.
- Operating profit outside North America increased 13.3 percent primarily due to the higher earnings in the developing and emerging markets.

**Strategic Cost Reduction Plan**

The Corporation is in the final stages of implementing the strategic cost reduction plan that supports the targeted growth initiatives announced in 2005.

During the first quarter, the Corporation continued to successfully execute planned cost reduction activities, the most significant of which involved consolidating infant and child care operations in North America, improving the cost structure in Health Care and streamlining administrative operations in North America and Europe. Savings for the first quarter totaled approximately \$28 million, consistent with the Corporation's plan to reduce costs by \$75 to \$100 million for the full year.

To date, employees have been notified about workforce reductions and other actions at all 23 facilities slated for sale, closure or streamlining as part of the cost reduction plan. In addition, pretax charges of \$844 million (about \$590 million after tax), or approximately 95 percent of the plan's expected cost, have now been incurred. The Corporation estimates cumulative charges for implementing the plan, through its completion in 2008, will total \$880 to \$910 million (\$610 to \$630 million after tax), of which approximately 35 percent is expected to be paid in cash.

The strategic cost reductions are corporate decisions and are not included in the business segments' operating profit performance. See Note 10 to the Consolidated Financial Statements for the 2008 costs of the strategic cost reductions related to the activities in the Corporation's business segments. First quarter 2008 charges have been recorded in cost of products sold (\$11.8 million) and marketing, research and general expenses (\$11.3 million); and a loss on the disposal of assets totaling (\$.7) million has been included in other income and (expense), net. See Note 3 to the Consolidated Financial Statements for detail on the costs incurred during the first quarter of 2008.

**Additional Income Statement Commentary**

- Nonoperating expense of \$27.6 million for the first quarter of 2007 was the Corporation's pretax loss associated with its ownership interest in the synthetic fuel partnerships described in Note 5 to the Consolidated Financial Statements. No expense is reflected for 2008 since the law giving rise to the related tax benefits for these investments expired at the end of 2007.
- Interest expense for the first quarter of 2008 increased approximately \$24 million from the prior year, primarily as a result of long-term debt issued to fund the Corporation's \$2.0 billion accelerated share repurchase ("ASR") program in July, 2007, partially offset by lower interest rates.

- The Corporation's effective income tax rate was 27.5 percent in 2008 compared with 20.6 percent in 2007. The increase in 2008 was primarily due to the benefit of synthetic fuel credits and favorable settlements of tax issues in 2007.
- The Corporation's share of net income of equity companies in the first quarter of 2008 decreased to about \$43 million from \$45 million in 2007, due mainly to lower net income at Kimberly-Clark de Mexico, S.A.B. de C.V., where sales growth of about 9 percent was more than offset by significantly higher raw materials costs and an increase in the effective tax rate.
- Minority owners' share of subsidiaries' net income was almost \$36 million in the first quarter of 2008 compared with approximately \$25 million in the prior year. The increase was attributable to minority owners' share of increased earnings at majority-owned subsidiaries in Latin America, Asia and the Middle East, and higher returns on the redeemable preferred securities of the Corporation's consolidated foreign financing subsidiary.
- As a result of the Corporation's ongoing share repurchase program, including the ASR program, the average number of common shares outstanding declined, which benefited first quarter 2008 net income by \$.08 per share. This benefit was mostly offset by the higher interest expense associated with the July 2007 debt issuances. See Note 9 to the Consolidated Financial Statements for detail on the ASR program.

## **Liquidity and Capital Resources**

- Cash provided by operations in the first quarter decreased to \$444 million from \$525 million in 2007, primarily because of an increased investment in working capital, principally in inventory.
- Capital spending for the first quarter was \$221 million in 2008 compared with \$282 million in the prior year. The Corporation still expects capital spending in 2008 will be in a range of \$850 to \$950 million.
- At March 31, 2008, total debt and redeemable preferred securities was \$6.7 billion compared with \$6.5 billion at the end of 2007.
- During the first quarter of 2008, the Corporation repurchased approximately 3.1 million shares of its common stock at a cost of about \$200 million, in line with the Corporation's target to repurchase \$800 million to \$1 billion worth of its shares in 2008.
- 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, payment of dividends, repurchases of common stock and other needs in the foreseeable future.

## **New Accounting Standards**

See Note 1 to the Consolidated Financial Statements for information on recently issued accounting standards.

## **Environmental Matters**

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



## **Business Outlook**

Based on its first quarter performance, the Corporation expects solid growth in organic sales over the balance of the year. In addition, favorable currency effects, at current rates of exchange, are expected to benefit sales comparisons. However, the Corporation anticipates inflation will continue to put pressure on its margins, particularly in light of recent increases in fiber and oil costs. Nonetheless, the Corporation expects to generate good bottom-line improvement for the full year, as it focuses on improving revenue realization and reducing costs. Meanwhile, the Corporation plans to continue to support its growth and further strengthen its competitive position with higher levels of spending for strategic marketing and customer development.

## **Information Concerning Forward-Looking Statements**

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

The assumptions used as a basis for the forward-looking statements include many estimates that, among other things, depend on the achievement of future cost savings and projected volume increases. In addition, many factors outside the control of the Corporation, including the prices of the Corporation's raw materials, potential competitive pressures on selling prices or advertising and promotion expenses for the Corporation's products, and fluctuations in foreign currency exchange rates, as well as general economic conditions in the markets in which the Corporation does business, could impact the realization of such estimates.

For a description of these and other factors that could cause the Corporation's future results to differ materially from those expressed in any such forward-looking statements, see Part I, Item 1A of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2007 entitled "Risk Factors."

## **Item 4. Controls and Procedures.**

As of March 31, 2008, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Corporation's disclosure controls and procedures were effective as of March 31, 2008. There have been no significant changes during the quarter covered by this report in the Corporation's internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

In May 2007, a wholly-owned subsidiary of the Corporation was served a summons in Pennsylvania state court by the Delaware County Regional Water Quality Authority ("Delcora"). Also in May 2007, Delcora initiated an administrative action against the Corporation. Delcora is a public agency that operates a sewerage system and a wastewater treatment facility serving industrial and municipal customers, including Kimberly-Clark's Chester Mill. Delcora also regulates the discharge of wastewater from the Chester Mill. Delcora has alleged in the summons and the administrative action that the Corporation underreported the quantity of effluent discharged to Delcora from the Chester Mill for several years due to an inaccurate effluent metering device and owes additional amounts. The Corporation's action for declaratory judgment in the Federal District Court for the Eastern District of Pennsylvania was dismissed in December 2007 on grounds of abstention. The Corporation has appealed this dismissal to the Third Circuit Court of Appeals. The Corporation continues to believe that Delcora's allegations lack merit and is vigorously defending against Delcora's actions. In management's opinion, this matter is not expected to have a material adverse effect on the Corporation's business, financial condition, results of operations or liquidity.

The Corporation received a notice of violation from the Washington State Department of Ecology ("DOE") in October 2007 alleging a violation of certain Washington State environmental regulations related to smoke and odor emanating from a wood waste pile at the Corporation's Riverside property approximately three miles from its mill in Everett, Washington. In December 2007, the DOE notified the Corporation of its intention to seek a penalty of \$235,000, based on the alleged violation. The Corporation entered into a Settlement Agreement with the DOE in March 2008 under which the Corporation agreed to pay a \$40,000 penalty to the DOE plus \$125,000 to the Puget Sound Clean Air Agency of which \$20,000 will be available to expand a wood-stove replacement program to Everett and \$105,000 will be available to install pollution-reduction equipment on city-owned diesel vehicles. In the Settlement Agreement, the DOE acknowledged that the Corporation has restored compliance to the Riverside wood waste pile.

## Item 2. Stock Repurchases.

The Corporation regularly repurchases shares of Kimberly-Clark common stock pursuant to publicly announced share repurchase programs. All share repurchases by the Corporation were made through brokers in the open market. During 2008, the Corporation anticipates purchasing about \$800 million to \$1 billion of its common stock. The following table contains information for shares repurchased during the first quarter of 2008. None of the shares in this table were repurchased directly from any officer or director of the Corporation.

<b>Period (2008)</b>	<b>Total Number of Shares Purchased(1)</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs</b>
January 1 to 31	776,000	\$ 66.27	8,790,411	41,209,589
February 1 to 29	1,141,000	65.11	9,931,411	40,068,589
March 1 to 31	<u>1,157,000</u>	64.26	11,088,411	38,911,589
Total	<u><u>3,074,000</u></u>			

- (1) Share repurchases were made pursuant to a share repurchase program authorized by the Corporation's Board of Directors on July 23, 2007, which allows for the repurchase of 50 million shares in an amount not to exceed \$5 billion.

In addition, during January, February and March 2008, 7,098 shares at a cost of \$446,941, 93,352 shares at a cost of \$6,014,616 and 2,345 shares at a cost of \$151,159, respectively, were purchased from current or former employees in connection with the exercise of employee stock options and other awards.

## Item 4. Submission of Matters to a Vote of Security Holders.

The 2008 Annual Meeting of Stockholders of the Corporation was held on Thursday, April 17, 2008, at the Four Seasons Resort and Club, 4150 North MacArthur Boulevard, Irving, Texas. Represented at the meeting in person or by proxy were 380,719,755 shares of common stock, or 90.57 percent of all shares of common stock outstanding.

## Election of Directors

Following is a list of directors elected to one-year terms expiring at the 2009 Annual Meeting of Stockholders and the corresponding vote tabulation for the shares represented at the meeting. Of the shares represented at the meeting, at least 92.78 percent voted for each nominee. There were no broker non-votes with respect to this matter.

Nominee	Votes For	Votes Against	Abstain
John R. Alm	374,887,943	2,558,756	3,273,056
John F. Bergstrom	353,235,762	24,234,312	3,249,681
Robert W. Decherd	374,291,085	3,154,431	3,274,239
Ian C. Read	374,827,129	2,618,630	3,273,996
G. Craig Sullivan	375,070,247	2,388,200	3,261,308

The Corporation's other directors are: Dennis R. Beresford, Abelardo E. Bru, Thomas J. Falk, Mae C. Jemison, M. D., James M. Jenness, Linda Johnson Rice and Marc J. Shapiro.

## Other Matters Voted on at Annual Meeting

The stockholders also voted on seven proposals at the meeting. The following table shows the vote tabulation for the shares represented at the meeting:

Proposal	Votes For	Votes Against	Abstain	Broker Non-votes
Ratification of Auditors	371,311,483	5,933,054	3,475,218	0
Approval of Amended and Restated Certificate of Incorporation to Eliminate Supermajority Voting Provisions	372,770,134	3,863,257	4,086,364	0
Stockholder Proposal Regarding Qualifications for Director Nominees	7,481,744	324,110,004	5,155,142	43,972,865
Stockholder Proposal Regarding Adoption of Global Human Rights Standards Based on International Labor Conventions	28,059,325	264,392,294	44,294,571	43,973,565
Stockholder Proposal Regarding Special Shareholder Meetings	202,836,030	129,463,753	4,447,107	43,972,865
Stockholder Proposal Regarding Cumulative Voting	138,727,323	193,649,680	4,369,887	43,972,865
Stockholder Proposal Regarding Amendment of Bylaws to Establish a Board Committee on Sustainability	14,375,210	282,012,166	40,359,513	43,972,865

## Item 6. Exhibits.

### (a) Exhibits

- (3)a Amended and Restated Certificate of Incorporation, dated April 17, 2008, filed herewith.
- (3)b By-Laws, as amended September 14, 2006, incorporated by reference to Exhibit No. (3)b of the Corporation's Current Report on Form 8-K dated September 18, 2006.
- (4) Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request.
- (10)c Seventh Amended and Restated Deferred Compensation Plan for Directors, effective January 1, 2008, filed herewith.
- (10)m 2001 Equity Participation Plan, as amended, dated April 16, 2008, filed herewith.
- (10)n Form of Award Agreements under 2001 Equity Participation Plan, filed herewith.
- (10)r Letter Agreement between Kimberly-Clark Corporation and Tony Palmer, filed herewith.
- (31)a Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith.
- (31)b Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.
- (32)a Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.
- (32)b Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

## SIGNATURES

Pursuant to the requirements 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  
(Registrant)

By: /s/ Mark A. Buthman  
Mark A. Buthman  
Senior Vice President and  
Chief Financial Officer  
(principal financial officer)

By: /s/ Randy J. Vest  
Randy J. Vest  
Vice President and Controller  
(principal accounting officer)

May 9, 2008

## EXHIBIT INDEX

Exhibit No.	Description
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(32)b	Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

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AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
KIMBERLY-CLARK CORPORATION

April 17, 2008

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**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
OF  
KIMBERLY-CLARK CORPORATION**

**ARTICLE I**

The name of this Corporation is KIMBERLY-CLARK CORPORATION.

**ARTICLE II**

Its registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name and address of its registered agent is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

**ARTICLE III**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law (the "DGCL"). The Corporation shall possess and may exercise all powers and privileges necessary or convenient to effect such purpose and all powers and privileges now or hereafter conferred by the laws of the State of Delaware upon corporations formed under the DGCL.

**ARTICLE IV**

The total number of shares of all classes of capital stock which the Corporation shall have the authority to issue is one billion, two hundred and twenty million (1,220,000,000) shares which shall be divided into two classes as follows:

- (a) Twenty million (20,000,000) shares of Preferred Stock without par value; and
- (b) One billion, two hundred million (1,200,000,000) shares of Common Stock of the par value of One Dollar and Twenty-five Cents (\$1.25) per Share.

**ARTICLE V**

A statement of the voting powers and of the designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, of each class of stock of the Corporation, is as follows:

(1) *In General*

No holders of shares of this Corporation of any class, or of bonds, debentures or other securities convertible into stock of any class, shall be entitled as of right to subscribe for, purchase, or receive any stock of any class whether now or hereafter authorized, or any bonds, debentures or other securities whether now or hereafter authorized, convertible into stock of any class, or any stock into which said bonds, debentures or other

securities may be convertible, and all such additional shares of stock, debentures or other securities, together with the stock into which the same may be converted, may be issued and disposed of by the Board of Directors to such persons and on such terms and for such consideration (as far as may be permitted by law) as the Board of Directors in their absolute discretion may deem advisable.

All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of this Certificate of Incorporation.

(2) *Preferred Stock*

The Preferred Stock may be issued from time to time in one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issue of such stock adopted from time to time by the Board of Directors; and in such resolution or resolutions providing for the issue of shares of each particular series, the Board of Directors is also expressly authorized to fix: the consideration for which the shares of such series are to be issued; the number of shares constituting such series; the rate of dividends upon which and the times at which dividends on shares of such series shall be payable and the preference, if any, which such dividends shall have relative to dividends on shares of any other class or classes or any other series of stock of the Corporation; whether such dividends shall be cumulative or noncumulative, and if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the voting rights, if any, to be provided for shares of such series; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of any other class or classes or any other series of stock of the Corporation and the terms and conditions, including price and rate of exchange, of such conversion or exchange; the redemption price or prices and other terms of redemption, if any, for shares of such series; and any and all other preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof pertaining to shares of such series.

(3) *Common Stock*

(a) Subject to preferences and rights to which holders of stock other than the Common Stock may have become entitled by resolution or resolutions of the Board of Directors as hereinbefore provided, such dividends (payable in cash, stock, or otherwise) as may be determined by the Board of Directors may be declared and paid out of funds legally available therefor upon the Common Stock from time to time.

(b) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, the holders of the Common Stock shall be entitled to share ratably in all assets available for distribution to the shareholders, subject to preferences and rights to which the holders of stock other than the Common Stock may have become entitled by

resolution or resolutions of the Board of Directors as hereinbefore provided.

(c) The holders of Common Stock shall be entitled to one vote for each of the shares held by them of record at the time for determining holders thereof entitled to vote.

## ARTICLE VI

(1) The number of authorized shares of any class or classes of stock may be increased or decreased by the approval of the holders of a majority of all of the stock of the Corporation entitled to vote thereon, except to the extent that, in the resolution or resolutions providing for the issuance of a class or series of stock, the Board of Directors shall specify that approval of the holders of one or more classes or series of stock shall be required to increase or decrease the number of authorized shares of one or more classes or series of stock.

(2) Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

(3) Meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by the affirmative vote of a majority of the entire Board of Directors, by the Chairman of the Board, or by the Chief Executive Officer.

## ARTICLE VII

The private property of the stockholders of the Corporation shall not be subject to the payment of corporate debts to any extent whatever.

## ARTICLE VIII

(1) *Power of the Board of Directors.* The business and affairs of the Corporation shall be managed under the direction of its Board of Directors. In furtherance, and not in limitation, of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

(a) to make, alter, amend or repeal the By-Laws of the Corporation; provided, however, that no By-Laws hereafter adopted shall invalidate any prior act of the Directors that would have been valid if such By-Laws had not been adopted;

(b) to determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to direct the business and affairs of the Corporation, including the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for, Board meetings, as well as quorum and voting requirements (except as otherwise provided in this Certificate of Incorporation) for, and the manner of taking, Board action; and

(c) to exercise all such powers and do all such acts as may be exercised by the Corporation, subject to the provisions of the laws of the State of Delaware, this Certificate of Incorporation, and any By-Laws of the Corporation.

(2) *Number of Directors.* The number of Directors constituting the entire Board of Directors shall be as authorized from time to time exclusively by the affirmative vote of a majority of the entire Board of Directors. As used in this Certificate of Incorporation, the term "entire Board of Directors" means the total authorized number of Directors that the Corporation would have if there were no vacancies.

(3) *Terms of Directors.* At the 2008 annual meeting of stockholders of the Corporation, the successors of the Directors whose terms expire at that meeting shall be elected for a term expiring at the 2009 annual meeting of stockholders of the Corporation; at the 2009 annual meeting of stockholders of the Corporation, the successors of the Directors whose terms expire at that meeting shall be elected for a term expiring at the 2010 annual meeting of stockholders of the Corporation; and at each annual meeting of stockholders of the Corporation thereafter, the Directors shall be elected for terms expiring at the next succeeding annual meeting of stockholders of the Corporation, with each Director to hold office until his or her successor shall have been duly elected and qualified.

(4) *Nominations.* Subject to the rights of holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, nominations for the election of Directors may be made by the affirmative vote of a majority of the entire Board of Directors or by any stockholder of record entitled to vote generally in the election of Directors. However, any stockholder of record entitled to vote generally in the election of Directors may nominate one or more persons for election as Directors at a meeting only if a written notice of such stockholder's intent to make such nomination or nominations, meeting the requirements described below, has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation, and received by the Corporation, not less than 75 days nor more than 100 days prior to the meeting; provided, however, that in the event that less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of meeting was mailed or such public disclosure was made, whichever first occurs. Each such notice to the Secretary shall set forth: (i) the name and address of record of the stockholder who intends to make the nomination; (ii) a representation that the stockholder is a holder of record of shares of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) the name, age, business and residence addresses, and principal occupation or employment of each nominee; (iv) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (v) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (vi) the consent of each nominee to serve as a Director of the Corporation if so elected. The Corporation may require

any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. The presiding officer of the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(5) *Vacancies.* Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, any vacancies in the Board of Directors for any reason and any newly created Directorships resulting by reason of any increase in the number of Directors may be filled only by the Board of Directors, acting by the affirmative vote of a majority of the remaining Directors then in office, although less than a quorum. Any Director elected or appointed to fill a vacancy shall hold office until the next election of Directors and until his or her successor is elected and qualified.

(6) *Removal of Directors.* Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, any Director, or the entire Board of Directors, may be removed from office at any time prior to the expiration of his, her or their term of office, with or without cause, by the affirmative vote of at least a majority of the voting power of the outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of Directors, voting together as a single class; provided, however, if a Director's term was scheduled at the time of its commencement to extend beyond the next succeeding annual meeting of stockholders of the Corporation, such Director may only be removed for cause and only by the affirmative vote of the holders of record of at least a majority of the voting power of the outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of Directors, voting together as a single class.

## ARTICLE IX

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of the DGCL or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of the DGCL, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said Court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this

Corporation, as the case may be, and also on this Corporation.

#### **ARTICLE X**

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all rights and powers conferred herein on stockholders, directors and officers are subject to this reserved power.

#### **ARTICLE XI**

No Director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such Director as a Director. Notwithstanding the foregoing, a Director shall be liable to the extent provided by applicable law (i) for breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL or (iv) for any transaction from which the Director derived an improper personal benefit. No amendment to or repeal of these provisions shall apply to or have any effect on the liability or alleged liability of any Director of the Corporation for or with respect to any acts or omissions of such Director occurring prior to such amendment or repeal.





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

ARTICLE 1

Introduction

1.1 Recitals.

- (a) Whereas, effective January 1, 1983 the Board of Directors (the "Board") of Kimberly-Clark Corporation, a Delaware corporation (the "Corporation"), approved and adopted the Deferred Compensation Plan for Directors for the purpose of allowing Directors (as defined in Section 1.3(k) below) to irrevocably elect to defer the receipt of fees owing to them for service on, and attending meetings of, the Board and committees thereof during any Plan Year (as defined in Section 1.3(n)), and to assist the Corporation in attracting and retaining qualified individuals to serve as directors;
- (b) Whereas, the Deferred Compensation Plan for Directors previously was amended and restated effective August 31, 1986 (the "Amended and Restated Deferred Compensation Plan for Directors");
- (c) Whereas, the Amended and Restated Deferred Compensation Plan for Directors previously was amended and restated, effective May 1, 1991 (the "Second Amended and Restated Deferred Compensation Plan for Directors");
- (d) Whereas, the Second Amended and Restated Deferred Compensation Plan for Directors previously was amended and restated, effective August 15, 1996 (the "Third Amended and Restated Deferred Compensation Plan for Directors");
- (e) Whereas, the Third Amended and Restated Deferred Compensation Plan for Directors previously was amended and restated, effective February 20, 1997 (the "Fourth Amended and Restated Deferred Compensation Plan for Directors");
- (f) Whereas, the Fourth Amended and Restated Deferred Compensation Plan for Directors previously was amended and restated, effective January 1, 2004 (the "Fifth Amended and Restated Deferred Compensation Plan for Directors");
- (g) Whereas, the Fifth Amended and Restated Deferred Compensation Plan for Directors previously was amended and restated, effective November 16, 2005 (the "Sixth Amended and Restated Deferred Compensation Plan for Directors"); and

- (h) Whereas the Committee desires to amend and restate the Sixth Amended and Restated Deferred Compensation Plan for Directors in its entirety;

NOW, THEREFORE, the Sixth Amended and Restated Deferred Compensation Plan for Directors hereby is amended and restated to read in its entirety as set forth herein, effective as of January 1, 2008.

- 1.2 Name and Purpose. The name of this plan is the "Seventh Amended and Restated Deferred Compensation Plan for Directors of Kimberly-Clark Corporation" (the "Plan"). The purpose of the Plan is as stated in Section 1.1(a) above.
- 1.3 Definitions. Whenever used in the Plan, the following terms shall have the meaning set forth or referenced below:
- (a) "Account" means a Cash Account, Stock Account or Restricted Share Units Account.
  - (b) "Board" has the meaning set forth in Section 1.1(a) above.
  - (c) "Business Day" means a day except for a Saturday, Sunday or a legal holiday.
  - (d) "Cash Account" means an Account which reflects the Compensation deferred by a Participant as described in Section 2.4.
  - (e) "Cash Credit" means a credit to a Cash Account, expressed in whole dollars and fractions thereof.
  - (f) "Closing Price" means the closing price of the Common Stock as reported in the New York Stock Exchange Composite Transactions published in The Wall Street Journal.
  - (g) "Committee" means the Nominating and Corporate Governance Committee of the Board.
  - (h) "Common Stock" means (i) the common stock, \$1.25 par value per share, of the Corporation, adjusted as provided in Section 2.10, or (ii) if there is a merger or consolidation and the Corporation is not the surviving corporation thereof, the capital stock of the surviving corporation given in exchange for such common stock of the Corporation.
  - (i) "Compensation" means all cash remuneration paid to a Director for services to the Corporation as a director, other than reimbursement for expenses, and shall include retainer fees for service on, and fees for attendance at meetings of, the Board and any committees thereof. For purposes of this Plan, the term "Compensation" shall not include Restricted Share Units.
  - (j) "Corporation" has the meaning set forth in Section 1.1(a) above.
  - (k) "Director" means any individual serving on the Board who is not an employee of the Corporation or any of its subsidiaries, affiliates or equity companies.
  - (l) "Participant" means a Director who has filed an election to participate in the Plan under Section 2.2.
  - (m) "Plan" has the meaning set forth in Section 1.2 above.
  - (n) "Plan Year" means the calendar year.
  - (o) "Restricted Share Units" means the right, under the Kimberly-Clark Corporation Outside Directors' Compensation Plan, to receive an amount equal to the value of a specified number of shares of Common Stock.

- (p) "Restricted Share Units Account" means an Account which reflects the Restricted Share Units deferred by a Participant as described in Section 2.6.
- (q) "Retire" or "Retires" shall mean the ending of a Director's service as a member of the Board, but shall not include the ending of such service by reason of death.
- (r) "Section 16" has the meaning set forth in Section 4.5 below.
- (s) "Stock Account" means an Account which reflects the Compensation deferred by a Participant as described in Section 2.5.
- (t) "Stock Credit" means a credit to a Stock Account established pursuant to Section 2.3, and calculated pursuant to Section 2.5.

## ARTICLE 2

### Participation in the Plan

- 2.1 Eligibility. Any Director may participate in the Plan. Notwithstanding anything in the Plan to the contrary, no Director, may elect to defer payment of any portion of his Compensation that is payable during any Plan Year after 2004.
- 2.2 Election to Participate.
  - (a) Each Director, and each first time nominee for Director, may elect to defer payment of all or any portion of his Compensation that is payable during any Plan Year. Such election must be made prior to the date that services are rendered in the Plan Year in which such Compensation otherwise would be paid and shall be irrevocable thereafter for such Plan Year; provided, however, that an election by a Director or nominee pursuant to this paragraph (a) for any Plan Year (or portion thereof) shall be valid and effective for all purposes for all succeeding Plan Years, unless and until such election is revoked or modified by such Director prior to the date that services are rendered in such succeeding Plan Year(s); and, provided further, that no such election, revocation or modification may be made within six months of another such election, revocation or modification if the exemption afforded by Rule 16b-3 under Section 16 would not be available as a result thereof. Each Director may also elect to defer his Restricted Share Units. Such election must be made prior to the Plan Year in which such Director Retires.
  - (b) An election to defer any Compensation or Restricted Share Units under the Plan shall: (i) be in writing; (ii) be delivered to the Secretary of the Corporation; (iii) contain, or be deemed to contain, the matters set forth in Section 2.3 below, in accordance with the terms thereof; and (iv) be irrevocable in all respects with respect to the Plan Year or Plan Years to which the election relates. If a Director does not elect to defer Compensation payable to him during a Plan Year, all such Compensation shall be paid directly to such Director in accordance with resolutions adopted by the Board from time to time. If a Director does not elect to defer his Restricted Share Units, payment of his Restricted Share Units will be made in accordance with the terms of the Kimberly-Clark Corporation Outside Directors' Compensation Plan.
- 2.3 Mode of Deferral. A Participant may elect to defer all or a portion of his Compensation for a Plan Year to a Cash Account, a Stock Account, or a combination of both such Accounts. A separate Cash Account and/or Stock Account, as appropriate, shall be established for a Participant for each Plan Year in which he participates in the Plan. A Participant may elect to defer all or portion of his Restricted Share Units to a Restricted Share Units Account. The Secretary of the Corporation shall maintain such Accounts in the name of the Participant. Any such

election with respect to the Account or Accounts to which a Director's Compensation or Restricted Share Units for a Plan Year shall be deferred shall be specified in the election referred to in Section 2.2(b) above that is delivered by the Director to the Secretary, and shall be irrevocable. If a Participant fails to elect the Account to which deferral of his Compensation shall be made, he shall be deemed to have irrevocably elected deferral to the Cash Account. Compensation deferred to a Cash Account or Stock Account shall result in Cash Credits or Stock Credits, respectively.

- 2.4 Cash Account. The Cash Account of a Participant established with respect to a Plan Year shall be credited, as of the day of such Plan Year on which the deferred Compensation otherwise would have been payable to such Participant, with Cash Credits equal to the dollar amount of such deferred Compensation. As of the last day of each calendar quarter, or as of the date the Account is distributed, if earlier, such Cash Account shall be credited with additional Cash Credits in an amount equal to the product of (a) the daily average balance in such Cash Account during such quarter and (b) one-fourth of a rate yielding interest equal to the per annum market discount rate for six-month U.S. Treasury Bills as published by the Federal Reserve Board for the seven calendar days immediately prior to January 1 (for additional Cash Credits to be credited for the subsequent fiscal quarters ending on March 31 and June 30) or prior to July 1 (for additional Cash Credits to be credited for the subsequent fiscal quarters ending September 30 and December 31). Unless reduced by the following sentence, however, such interest rate shall not be less than six percent per annum. Notwithstanding anything in this Plan to the contrary, in no event shall the rate of interest exceed 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code (26 U.S.C. 1274(d)) at that rate that corresponds most closely to the rate under the Plan at the time the interest rate or formula is set.
- 2.5 Stock Account. The Stock Account of a Participant established with respect to a Plan Year shall be credited, as of the day of such Plan Year on which the deferred Compensation otherwise would have been payable to such Participant, with Stock Credits equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased with the amount of such deferred Compensation at the average of the Closing Prices of shares of Common Stock on each Business Day during the month immediately preceding the month in which such Stock Account is so credited. As of the date any dividend is paid to holders of shares of Common Stock, such Stock Account shall be credited with additional Stock Credits equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased, at the Closing Price of shares of Common Stock on such date, with the amount which would have been paid as dividends on that number of shares (including fractions of a share) of Common Stock which is equal to the number of Stock Credits then attributed to such Stock Account. In the case of dividends paid in property other than cash, the amount of the dividend shall be deemed to be the fair market value of the property at the time of the payment of the dividend, as determined in good faith by the Committee.
- 2.6 Restricted Share Units Account. The Restricted Share Units Account of a Participant shall be credited as of the day of such Plan Year on which the Restricted Share Units otherwise would have been payable to the Participant. As of the date any dividend is paid to holders of shares of Common Stock, such Restricted Share Units Account shall be credited with additional Restricted Share Units equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased, at the Closing Price of shares of Common Stock on such date, with the amount which would have been paid as dividends on that number of shares (including fractions of a share) of Common Stock which is equal to the number of Restricted Share Units then attributed to such Restricted Share Units Account. In the case of dividends paid in property other than cash, the amount of the dividend shall be deemed to be the fair market value of the property at the time of the payment of the dividend, as determined in good faith by the Committee.
- 2.7 Timing of Distribution and Installment Elections.
- (a) Distribution of the Cash Accounts, Stock Accounts and Restricted Share Units Account of a Participant shall commence as of January 15 (or such later date as of which such distribution is not required to be reported pursuant to Section 16) of the Plan Year following the Plan Year in which such Participant Retires. If the date

for commencement of such distribution is not a Business Day, such distribution shall commence on the next succeeding Business Day.

- (b) A Participant shall elect the number of annual installments (not to exceed 20) in which all of the Participant's Cash Accounts and Stock Accounts maintained on his behalf with respect to Plan Years after 1997 shall be distributed. If no such election is made by such Director with respect to such Accounts, the number of installments with respect thereto shall be deemed to be elected consistent with the Participant's most recent installment election with respect to any Plan Year prior to 1998. A Participant shall also elect the number of annual installments (not to exceed 20) in which the Participant's Restricted Share Units Account maintained on his behalf shall be distributed. Such payment or payments shall be in amounts determined pursuant to Section 2.9 below, and shall be made on the date set forth in Section 2.7(a) above, and on January 15 of each succeeding Plan Year as applicable.
- (c) A Participant's initial installment election with regard to his Cash Accounts and Stock Accounts referred to in paragraph (b) above shall apply for all succeeding Plan Years unless modified thereafter. Such election may be modified by a Participant, subject to the approval of the Committee, no later than December 31 of the calendar year preceding the date such Participant Retires.
- (d) Notwithstanding anything in the Plan to the contrary, each Participant who was a Director on or after February 20, 1997, may elect to modify such Director's election with respect to all Plan Years prior to 1998, subject to the approval of the Committee, so that Cash Accounts and Stock Accounts maintained with respect to all Plan years prior to 1998 shall be paid consistent with the payment for the Cash Accounts and Stock Accounts maintained with respect to all Plan Years after 1997 and in accordance with this Section 2.7.

2.8 Distribution of Accounts. Distribution of a Participant's Cash Accounts and Stock Accounts shall be made only in cash. Distribution of a Participant's Restricted Share Units Account may be made entirely in cash or entirely in whole shares of Common Stock with fractional shares paid in cash.

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

2.10 Adjustment. If at any time the number of outstanding shares of Common Stock shall be increased as the result of any stock dividend, stock split, subdivision or reclassification of shares, the number of Stock Credits and Restricted Share Units with which each Stock Account or Restricted Share Units Account of a Participant is credited shall be increased in the same proportion as the outstanding number of shares of Common Stock is increased. If the number of outstanding shares of Common Stock shall at any time be decreased as the result of any combination, reverse stock split or reclassification of shares, the number of Stock Credits and Restricted Share Units with which each Stock Account or Restricted Share Units Account of a Participant is credited shall be decreased in the same proportion as the outstanding number of shares of Common Stock is decreased. In the event the Corporation shall at any time be consolidated with or merged into any other corporation and holders of shares of Common Stock receive shares of the capital stock of the resulting or surviving corporation, there shall be credited to each Stock Account or Restricted Share Units Account of a Participant, in place of the Stock Credits or Restricted Share Units then credited thereto, new Stock Credits or Restricted Share Units in an amount equal to the product of the number of shares of

capital stock exchanged for one share of Common Stock upon such consolidation or merger and the number of Stock Credits or Restricted Share Units with which such Account then is credited. If in such a consolidation or merger holders of shares of Common Stock shall receive any consideration other than shares of the capital stock of the resulting or surviving corporation or its parent corporation, the Committee, in its sole discretion, shall determine the appropriate change in Participants' Accounts.

2.11 Distribution upon Death. Notwithstanding any other provision of this Plan, upon the death of a Participant all of such Participant's Cash Accounts, Stock Accounts and Restricted Share Units Account shall be paid in a single installment to such person or persons or the survivors thereof, including corporations, unincorporated associations or trusts, as the Participant may have designated. All such designations shall be made in writing and delivered to the Secretary of the Corporation. A Participant may from time to time revoke or change any such designation by written notice to the Secretary. If there is no designation on file with the Secretary at the time of the Participant's death, or if the person or persons designated therein shall have all predeceased the Participant or otherwise ceased to exist, such distributions shall be made to the executor or administrator of the Participant's estate. Any distribution under this Section 2.11(a) shall be made as soon as practicable following the end of the fiscal quarter in which the Secretary is notified of the Participant's death or is satisfied as to the identity of the appropriate payee, whichever is later. The amount of an installment payable under this Section 2.11(a) with respect to a Participant's Stock Accounts or Restricted Share Units shall be equal to the product of the number of Stock Credits or Restricted Share Units with which such Stock Accounts or Restricted Share Units Accounts then are credited and the average of the Closing Prices of shares of Common Stock on each Business Day during the month preceding the month of such Participant's death.

2.12 Withholding Taxes. The Corporation shall deduct from all distributions under the Plan any taxes required to be withheld by federal, state, or local governments.

### ARTICLE 3

#### The Committee

3.1 Authority. The Committee shall have full power and authority to administer the Plan, including the power to (a) promulgate forms to be used with respect to the Plan, (b) promulgate rules of Plan administration, (c) settle any disputes as to rights or benefits arising from the Plan, (d) interpret the terms of the Plan, (e) amend, modify or terminate the Plan as provided in Section 4.5 below and (e) make such decisions or take such action as the Committee, in its sole discretion, deems necessary or advisable to aid in the proper administration of the Plan. Any decision made by the Committee shall be final and binding on the Corporation, Participants and their heirs or successors.

3.2 Elections, Notices. All elections, notices and designations required or permitted to be provided to the Committee under the Plan must be in such form or forms prescribed by, and contain such information as is required by, the Committee.

### ARTICLE 4

#### Miscellaneous

4.1 Funding. No promise hereunder shall or may be secured by any assets of the Corporation, and no assets of the Corporation shall otherwise be designated as attributable or allocated to the satisfaction of such promises.

4.2 Non-alienation of Benefits. No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void. No such

benefit, prior to receipt thereof pursuant to the provisions of the Plan, shall be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the Participant.

- 4.3 Delegation of Administrative Duties. The Committee may delegate to officers and employees of the Corporation from time to time the power and authority to carry out and effect the decisions and rules of the Committee. Any such delegation shall be in writing.
- 4.4 Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware.
- 4.5 Amendment, Modification and Termination of the Plan. The Board or the Committee at any time may terminate and in any respect amend or modify the Plan; provided, however, that (a) neither the Board nor the Committee may change or modify any of the irrevocable elections made by a Participant under Section 2.2(b) above, (b) no such termination, amendment or modification shall adversely affect the rights of any Participant or beneficiary, including his rights with respect to Cash Credits, Stock Credits or Restricted Share Units either credited prior to or in the Plan Year of such termination, amendment or modification, without his consent, (c) no provision of the Plan which relates to persons eligible to participate in the Plan or the formula pursuant to which the amount, price and timing of the crediting of Stock Credits or Restricted Share Units are determined, shall be amended more than once every six months other than to comport to changes in the Internal Revenue Code of 1986, as amended, the Employee Retirement Income Security Act of 1974 or the rules thereunder, and (d) no provision of the Plan shall be amended to the extent that the modification would result in treatment as a material modification under the requirements of Section 409A of the Code and the guidance promulgated thereunder. Notwithstanding anything to the contrary contained herein, either the Board or the Committee may amend or modify the Plan to comply with Section 16 of the Securities Exchange Act of 1934 (or successor statute), as constituted from time to time, or the rules or regulations promulgated thereunder (collectively, "Section 16"); further, if any provision of Section 16 would have the effect of requiring the Plan to be amended or modified in order to retain any exemption from the reporting requirements of and liability exposure under Section 16, the Plan shall be deemed to be automatically amended and modified to retain such exemption at the time that any such provision is effective, and any act or transaction under the Plan by or involving a Participant, the Board or the Committee in contravention of the Plan as so amended and modified shall be null and void ab initio and the Participant, the Board and the Committee shall return the matter to the status quo ante.
- 4.6 Successors and Heirs. The Plan and any properly executed elections hereunder shall be binding upon the Corporation and Participants, and upon any assignee or successor in interest to the Corporation and upon the heirs, legal representatives and beneficiaries of any Participant.
- 4.7 Status of Participants. Stock Credits and Restricted Share Units are not, and do not constitute, shares of Common Stock, and no right as a holder of shares of Common Stock shall devolve upon a Participant by reason of his participation in the Plan.
- 4.8 Use of Terms. The masculine includes the feminine and the plural includes the singular, unless the context clearly indicates otherwise.
- 4.9 Statement of Accounts. In February of each Plan Year, each Participant in the Plan during the immediately preceding Plan Year shall receive a statement of his Accounts under the Plan as of December 31 of such preceding Plan Year. Such statement shall be in a form and contain such information as is deemed appropriate by the Committee.
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**KIMBERLY-CLARK CORPORATION  
2001 EQUITY PARTICIPATION PLAN  
(as amended effective April 16, 2008)**

1. PURPOSE

This 2001 Equity Participation Plan (the "Plan") of Kimberly-Clark Corporation (the "Corporation") is intended to aid in attracting and retaining highly qualified personnel and to encourage those employees who materially contribute, by managerial, scientific or other innovative means to the success of the Corporation or of an Affiliate, to acquire an ownership interest in the Corporation, thereby increasing their motivation for and interest in the Corporation's or Affiliate's long-term success.

2. EFFECTIVE DATE

The Plan was originally adopted effective as of April 26, 2001, upon approval by the stockholders of the Corporation at the 2001 Annual Meeting. The Plan is amended and restated effective as of April 16, 2008.

3. DEFINITIONS

"Affiliate" means any domestic or foreign corporation at least fifty percent (50%) of whose shares normally entitled to vote in electing directors is owned directly or indirectly by the Corporation or other Affiliates (collectively, the "Affiliates"), provided, however, that "at least twenty percent (20%)" shall replace "at least fifty percent (50%)" where there is a legitimate business criteria for using such lower percentage.

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

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

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

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

"Change of Control" means an event deemed to have taken place if: (i) a third person, including a "group" as defined for purposes of Code Section 409A, acquires shares of the Corporation having 30% 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"), within a twelve month period, the persons who were directors of the Corporation before the Transaction shall cease to constitute a majority of the Board of the Corporation or any successor to the Corporation.

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

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

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

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

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

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

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

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

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

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

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

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

"Performance Goal" means the specific performance objectives as established by the Committee, which, if achieved, will result in the amount of payment, or the early payment, of the Award. The Performance Goal may consist of one or more or any combination of the following criteria: return on invested capital, stock price, market share, sales revenue, cash flow, earnings per share, return on equity, total shareholder return, gross margin, and/or costs. The performance goals may be described in terms that are related to the individual Participant, to the Company as a whole, or to a subsidiary, division, department, region, function or business unit of the Company in which the Participant is employed. The Committee, in its discretion, may change or modify these criteria; however, at all times the criteria must meet the requirements of Section 162(m) of the Code, or any successor section, to the extent applicable.

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

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

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

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

"Retirement" and "Retires" for Awards granted after December 31, 2003 means the termination of employment on or after the date the Participant has attained age 55. For Awards granted prior to January 1, 2004 "Retirement" and "Retires" means the termination of employment on or after the date the Participant is entitled to receive immediate payments under a qualified retirement plan of the Corporation or an Affiliate; provided, however, if the Participant is not eligible to participate under a qualified retirement plan of the Corporation or its Affiliates then such Participant shall be deemed to have retired if his termination of employment is on or after the date such Participant has attained age 55.

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

"Termination by the Participant for Good Reason" shall mean the separation from service during the two year time period following the initial existence (without the Participant's express written consent) of any one of the following conditions:

- (a) A material diminution in the Participant's base compensation;
- (b) A material diminution in the Participant's authority, duties, or responsibilities;
- (c) A material diminution in the authority, duties, or responsibilities of the supervisor to whom the Participant is required to report, including a requirement that a Participant report to a corporate officer or employee instead of reporting directly to the board of directors of the Corporation;
- (d) A material diminution in the budget over which the Participant retains authority;
- (e) A material change in the geographic location at which the Participant must perform the services; or
- (f) Any other action or inaction that constitutes a material breach by the Corporation of any agreement under which the Participant provides services.

The Participant must provide notice to the Corporation of the existence of any of the above conditions within a period not to exceed 90 days of the initial existence of the condition, upon the notice of which the Corporation must be provided a period of at least 30 days during which it may remedy the condition and not be required to pay the amount.

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

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

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

#### 4. ADMINISTRATION

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

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

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

The Committee may authorize persons other than its members to carry out its policies and directives subject to the limitations and guidelines set by the Committee, and may delegate its authority under the Plan, provided, however, the delegation of authority to grant Awards shall be limited to grants by the Chief Executive Officer to newly hired employees, or to respond to special recognition or retention needs, and any such grants shall be limited to eligible Participants who are not subject to section 16 of the Exchange Act. The delegation of authority shall be limited as follows: (a) with respect to persons who are subject to section 16 of the Exchange Act, the authority to grant Awards, the selection for participation, decisions concerning the timing, pricing and amount of a grant or Award and authority to administer Awards shall not be delegated by the Committee; (b) the maximum number of shares of Common Stock covered by Awards which may be granted by the Chief Executive Officer within any calendar year period shall not exceed 200,000; (c) any delegation shall satisfy all applicable requirements of rule 16b-3 of the Exchange Act, or any successor provision; and (d) no such delegation shall result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section. Any person to whom such authority is granted shall continue to be eligible to receive Awards

under the Plan.

## 5. ELIGIBILITY

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

## 6. FORM OF GRANTS

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

## 7. STOCK OPTIONS

The Committee or its delegate shall determine and designate from time to time those Participants to whom Options are to be granted and the number of shares of Common Stock to be optioned to each and the periods the Option shall be exercisable. Such Options may be in the form of Incentive Stock Options or in the form of Nonqualified Stock Options. The Committee in its discretion at the time of grant may establish performance goals that may affect the grant, exercise and/or settlement of an Option. After granting an Option to a Participant, the Committee shall cause to be delivered to the Participant an Award Agreement evidencing the granting of the Option. The Award Agreement shall be in such form as the Committee shall from time to time approve. The terms and conditions of all Options granted under the Plan need not be the same, but all Options must meet the applicable terms and conditions specified in subsections 7(a) through 7(h).

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

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

(c) Limitations on Exercise. The Option shall not be exercisable until at least one year has expired after the granting of the Option, during which time the Participant shall have been in the continuous employ of the Corporation or an Affiliate; provided, however, that the Option shall become exercisable immediately in the event of a Qualified Termination of Employment of a Participant, without regard to the limitations set forth below in this subsection 7(c). Unless otherwise determined by the Committee or its delegate at the time of grant, at any time during the period of the Option after the end of the first year, the Participant may purchase up to 30 percent of the shares covered by the Option; after the end of the second year, an additional 30 percent; and after the end of the third year, the remaining 40 percent of the total number of shares covered by the Option; provided, however, that if the Participant's employment is terminated for any reason other than death, Retirement or Total and Permanent Disability, the Option shall be exercisable only for three months following such termination and only for the number of shares of Common Stock which were exercisable on the date of such termination. In no event, however, may an Option be exercised more than 10 years after the date of its grant.

(d) Exercise after Death, Retirement, or Disability. Unless otherwise determined by the Committee or its delegate at the time of grant, if a Participant dies, becomes Totally and Permanently Disabled, or Retires without having exercised the Option in full, the remaining portion of such Option may be exercised, without regard to the limitations in subsection 7(c), as follows. If a Participant dies or becomes Totally and Permanently Disabled the remaining portion of such Option may be exercised within (i) three years from the date of any such event or (ii) the remaining period of the Option, whichever is earlier. Upon a Participant's death, the Option may be exercised by the person or persons to whom such Participant's rights under the Option shall pass by will or by applicable law or, if no such person has such rights, by his executor or administrator. If a Participant Retires the remaining portion of such Option may be exercised within (i) five years from the date of any such event or (ii) the remaining period of the Option, whichever is earlier.

(e) Non-transferability. During the Participant's lifetime, Options shall be exercisable only by such Participant. Options shall not be transferable other than by will or the laws of descent and distribution upon the Participant's death. Notwithstanding anything in this subsection 7(e) to the contrary, the Committee may grant to designated Participants the right to transfer Nonqualified Stock Options, to the extent allowed under rule 16b-3 of the Exchange Act, subject to the terms and conditions of the Committee Rules.

(f) Exercise; Notice Thereof. Options shall be exercised by delivering to the Corporation, or an agent designated by the Corporation, 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. As determined by the Committee, 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. A Participant shall have none of the rights of a stockholder with respect to shares covered by such Option until the Participant becomes the record holder of such shares.

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

(h) Limitations on Incentive Stock Option Grants.

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

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

(i) Election to Receive Cash Rather than Stock.

(i) At the same time as Nonqualified Stock Options are granted the Committee may also grant to designated Participants the right to convert a specified number of shares of Common Stock covered by such Nonqualified Stock Options to cash, subject to the terms and conditions of this subsection 7(i). For each such Option so converted, the Participant shall be entitled to receive cash equal to the difference between the Participant's Option Price and the Fair Market Value of the Common Stock on the date of conversion. Such a right shall be referred to herein as a Stock Appreciation Right ("SAR"). Participants to whom an SAR has been granted shall be notified of such grant and of the Options to which such SAR pertains. An SAR may be revoked by the Committee, in its sole discretion, at any time, provided, however, that no such revocation may be taken hereunder if such action would result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

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

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

8. RESTRICTED SHARES

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

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

(b) Transferability Restrictions. During the Restricted Period, Restricted Shares may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or

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

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

## 9. RESTRICTED SHARE UNITS

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

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

(b) Transferability Restrictions. During the Restricted Period, Restricted Share Units may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or otherwise encumbered. Furthermore, a Participant's right, if any, to receive cash or Common Stock upon termination of the Restricted Period may not be assigned or transferred except by will or by the laws of descent and distribution. With respect to each grant of Restricted Share Units, the Committee shall determine the Transferability Restrictions which will apply to the Restricted



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

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

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

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

(a) In the event the Participant's employment with the Corporation or an Affiliate is terminated by reason of a shutdown or divestiture of all or a portion of the Corporation's or its Affiliate's business, a proportion of the Restricted Shares or Restricted Share Unit Award shall be considered to vest as of the Participant's termination of employment. The number of shares that shall vest shall be prorated for the number of full years of employment during the Restricted Period prior to the Participant's termination of employment. In the event the number of Restricted Shares or Restricted Share Units was to be determined by the attainment of Performance Goals according to a schedule determined by the Committee the number of shares that are considered to vest shall be determined at the end of the Restricted Period, prorated for the number of full years of employment during the Restricted Period prior to the Participant's termination of employment, and shall be paid within 90 days following the end of the Restricted Period.

(b) In the event of a Qualified Termination of Employment of a Participant, all of the Options, Restricted Shares or Restricted Share Unit Awards shall be considered to vest immediately. In the event the number of Restricted Shares or Restricted Share Units was to be determined by the attainment of Performance Goals according to a schedule determined by the Committee, the number of shares that shall be considered to vest shall be the greater of the target level established or the number of shares which would have vested based on the attainment of the Performance Goal as of the end of the prior calendar year.

(c) If, pending a Change of Control, the Committee determines the Common Stock will cease to exist without an adequate replacement security that preserves Participants' economic rights and positions, then, by action of the Committee, the following shall occur:

(i) All Stock Options and SARs, except for Incentive Stock Options, shall become exercisable immediately prior to the consummation of the Change of Control in such manner as is deemed fair and equitable by the Committee.

(ii) The restrictions on all Restricted Shares shall lapse and Restricted Share Units shall vest immediately prior to consummation of the Change of Control and shall be settled upon the Change of Control in cash equal to the Fair Market Value of the Restricted Share Units at the time of the Change of Control. Provided, however, that any Restricted Share Units that are required to meet the requirements of Section 409A of the Code and the regulations thereunder shall be settled in a manner that complies with Section 409A of the Code and the regulations thereunder.

(d) A termination of employment shall not be deemed to have occurred while a Participant is on military leave or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Participant retains a right to reemployment with the Corporation or an Affiliate under an applicable statute or by contract. For purposes of this subparagraph, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Corporation or an Affiliate. If the period of leave exceeds six months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing sentence, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence is substituted for such six-month period in determining whether a termination of employment shall be deemed to have occurred. A termination of employment with the Corporation or an Affiliate to accept immediate reemployment with the Corporation or an Affiliate likewise shall not be deemed to be a termination of employment for purposes of the Plan. A Participant who is classified as an intermittent employee shall be deemed to have a termination of employment for purposes of the Plan. Notwithstanding anything in this Plan to the contrary, a termination of employment with respect to any Restricted Share Units that are required to meet the requirements of Section 409A of the Code and the regulations thereunder shall not be deemed to be a termination of employment for purposes of the Plan if it is anticipated that the level of bona fide services the Participant would perform after such date would continue at a rate equal to more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period of services to the Corporation or an Affiliate if the Participant has been providing such services less than 36 months).

(e) If any amounts payable under this Plan would constitute a parachute payment under Section 280G(b)(2) then such amounts shall be reduced to the extent necessary to provide the Participant with the greatest aggregate net after tax receipt as determined by applying the procedures set forth in the Committee Rules.

11. SHARES SUBJECT TO THE PLAN

The number of shares of Common Stock available with respect to all Awards granted under this Plan shall not exceed 50,000,000 in the aggregate, of which not more than 50,000,000 shall be available for option and sale, and of which not more than 18,000,000 shall be available for grant as Restricted Shares and Restricted Share Units, subject to the adjustment provision set forth in Section 13 hereof. The shares of Common Stock subject to the Plan may consist in whole or in part of authorized but unissued shares or of treasury shares, as the Board may from time to time determine. Shares subject to Options which become ineligible for purchase, Restricted Share Units which are retired through forfeiture or maturity, other than those Restricted Share Units which are retired through the payment of Common Stock, and Restricted Shares which are forfeited during the Restricted Period due to any applicable Transferability Restrictions will be available for Awards under the Plan to the extent permitted by section 16 of the Exchange Act (or the rules and regulations promulgated thereunder) and to the extent determined to be appropriate by the Committee.

12. INDIVIDUAL LIMITS

The maximum number of shares of Common Stock covered by Awards which may be granted to any Participant within any two consecutive calendar year period shall not exceed 1,500,000 in the aggregate. If an Option which had been granted to a Participant is canceled, the shares of Common Stock which had been subject to such canceled Option shall continue to be counted against the maximum number of shares for which Options may be granted to the Participant. In the event that the number of Options which may be granted is adjusted as provided in the Plan, the above limits shall automatically be adjusted in the same ratio which reflects the adjustment to the number of Options available under the Plan.

13. CHANGES IN CAPITALIZATION

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

14. EFFECT ON OTHER PLANS

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

15. TERM OF THE PLAN

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

16. GENERAL PROVISIONS

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

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

(c) Binding Effect. Any decision made or action taken by the Corporation, the Board or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be conclusive and binding upon all persons. Notwithstanding anything in section 3 to the contrary, the Committee may determine in its sole discretion whether a termination of employment for purposes of this Plan is caused by disability, retirement or for other reasons.

(d) Modification of Awards. The Committee may in its sole and absolute discretion, by written notice to a Participant, (i) limit the period in which an Incentive Stock Option may be exercised to a period ending at least three months following the date of such notice, (ii) limit or eliminate the number of shares subject to an Incentive Stock Option after a period ending at least three months following the date of such notice, and/or (iii) accelerate the Restricted Period with respect to the Restricted Share and Restricted Share Unit Awards granted under this Plan. Notwithstanding anything in this subsection 16(d) to the contrary, the Committee may not take any action to the extent that such action would result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section. Provided however, that any Restricted Share Units that are required to meet the requirements of Section 409A of the Code and the regulations thereunder shall be settled in a manner that complies with Section 409A of the Code and the regulations thereunder. Except as provided in this subsection and in subsection 16(e) no amendment, suspension, or termination of the Plan or any Awards under 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.

(e) Nonresident Aliens. In the case of any Award granted to a Participant who is not a resident of the United States or who is employed by an Affiliate other than an Affiliate that is incorporated, or whose place of business is, in a State of the United States, the Committee may (i) waive or alter the terms and conditions of any Awards to the extent that such action is necessary to conform such Award to applicable foreign law, (ii) determine which Participants, countries and Affiliates are eligible to participate in the Plan, (iii) modify the terms and conditions of any Awards granted to Participants who are employed outside the United States, (iv) establish subplans, each of which shall be attached as an appendix hereto, modify Option exercise procedures and other terms and procedures to the extent such actions may be necessary or advisable, and (v) take any action, either before or after the Award is made, which is deemed advisable to obtain approval of such Award by an appropriate governmental entity; provided, however, that no action may be taken hereunder if such action would (i) materially increase any benefits accruing to any Participants under the Plan, (ii) increase the number of securities which may be issued under the Plan, (iii) modify the requirements for eligibility to participate in the Plan, (iv) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Exchange Act or the Code or (v) result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section.

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

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

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

(i) Purchase of Common Stock. The Corporation and its Affiliates may purchase from time to time shares of Common Stock in such amounts as they may determine for purposes of the Plan. The Corporation and its Affiliates shall have no obligation to 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) Deferral of Award Payment. The Committee may establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award or other event that absent the election would entitle the Participant to payment or receipt of Common Stock or other consideration under an Award. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts so deferred, and such other terms, conditions, rules and procedures that the Committee deems advisable for the administration of any such deferral program. Notwithstanding anything in the Plan to the contrary, no Participant may elect after 2004 to defer receipt of consideration upon exercise of an Award or other event that absent the election would entitle the Participant to payment or receipt of Common Stock or other consideration under an Award.

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

(m) 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); and (5) that no Option may be re-priced, replaced, re-granted through cancellation, or modified without shareholder approval (except in connection with a change in the Common Stock or the capitalization of the Corporation as provided in Section 13 hereof) if the effect would be to reduce the exercise price for the shares underlying such Option; provided, however, that if any of the foregoing requires the approval by stockholders of any such amendment, suspension or discontinuance, then the Committee may take such action subject to the approval of the stockholders. Except as provided in subsections 16(d) and 16(e) no such amendment, suspension, or termination of the Plan shall, without the consent of the Participant, adversely alter or change any of the rights or obligations under any Awards or other rights previously granted the Participant.



**KIMBERLY-CLARK CORPORATION  
PERFORMANCE RESTRICTED STOCK UNIT  
AWARD AGREEMENT**

This Award, granted this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, by Kimberly-Clark Corporation, a Delaware corporation (hereinafter called the "Corporation"), is subject to the terms and conditions of the 2001 Equity Participation Plan (the "Plan") and the Award Agreement, including any country-specific terms contained in Appendix A to this Award Agreement.

W I T N E S S E I H:

WHEREAS, the Corporation has adopted the 2001 Equity Participation Plan (the "Plan") 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 the Affiliate's long-term success;

NOW, THEREFORE, it is agreed as follows:

1. Number of Share Units Granted. The Corporation hereby grants to the Employee Performance Restricted Stock Units ("PRSUs") at a target level granted by the Committee on the date set forth above and as reflected on the Merrill Lynch Benefits Online Grant Summary (the "Target Level"), subject to the terms, conditions and restrictions set forth herein and in the Plan, and the Corporation's attainment of the Performance Goals established by the Committee. The actual number of PRSUs earned by the Employee at the end of the Restricted Period may range from 0 to 150% of the Target Level.
2. Transferability Restrictions.
  - (a) Restricted Period. During the Restricted Period, the Employee may not sell, assign, transfer, or otherwise dispose of, or mortgage, pledge or otherwise encumber the Award. Except as provided under paragraph 2, the Award shall be subject to forfeiture until the end of the Restricted Period three years after the date of this grant. Employee becomes 100% vested in the number of PRSUs earned based on attainment of the Performance Goal at the end of the Restricted Period as approved and authorized by the Committee.

The Restricted Period shall begin on the date of the granting of this Award, and shall end three years after the date of this grant. Holders of Awards shall have none of the rights of a shareholder with respect to such shares including, but not limited to, any right to receive dividends in cash or other property or other distribution or rights in respect of such shares except as otherwise provided in this Agreement, nor to vote such shares as the record owner thereof.



During each year in the Restricted Period, the Employee will be paid in cash an amount equal to any dividends and other distributions which would have been paid on shares of Common Stock, based on the Target Level of PRSUs granted under this Award. The amount equal to any dividends and other distributions on the Award shall be paid to the Employee if dividends are declared and paid by the Corporation with respect to its outstanding shares of Common Stock. In the case of dividends paid in property other than cash, the amount of the dividend shall be deemed to be the fair market value of the property at the time of the payment of the dividend, as determined in good faith by the Corporation. The Corporation shall not be required to segregate any cash or other property of the Corporation. Any amounts which become payable to an Employee shall be paid from the general assets of the Corporation.

- (b) Termination of Employment. Employee shall forfeit any unvested Award upon termination of employment unless such termination (i) is due to a Qualified Termination of Employment, or (ii) if more than six months after the date of grant, due to death, Retirement, Total and Permanent Disability, or the shutdown or divestiture of a business unit. A termination of employment shall not be deemed to have occurred while an Employee is on military leave or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee retains a right to reemployment with the Corporation or an Affiliate under an applicable statute or by contract. For purposes of this subparagraph, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Employee will return to perform services for the Corporation or an Affiliate. If the period of leave exceeds six months and the Employee does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing sentence, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence is substituted for such six-month period in determining whether a termination of employment shall be deemed to have occurred. 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. An Employee who is classified as an intermittent employee shall be deemed to have a termination of employment for purposes of the Plan. Notwithstanding anything in this Plan to the contrary, a termination of employment with respect to any Restricted Share Units that are required to meet the requirements of Section 409A of the Code and the regulations thereunder shall not be deemed to be a termination of employment for purposes of the Plan if it is anticipated that the level of bona fide services the Employee would perform after such date would continue at a rate equal to more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period

(or the full period of services to the Corporation or an Affiliate if the Employee has been providing such services less than 36 months).

- (c) Death, Retirement, or Total and Permanent Disability. In the event that more than six months after the date of grant the Employee's termination of employment is due to death or Total and Permanent Disability, it shall result in pro rata vesting in the number of Restricted Share Units earned based on attainment of the Performance Goal at the end of the Restricted Period as approved and authorized by the Committee, prorated for the number of full months of employment during the Restricted Period prior to the Participant's termination of employment, and shall be paid within 70 days following the end of the Restricted Period. In the event that more than six months after the date of grant the Employee's termination of employment is due to Retirement it shall result in 100% vesting in the number of Restricted Share Units earned based on attainment of the Performance Goal at the end of the Restricted Period as approved and authorized by the Committee, and such Award shall be paid within 70 days following the end of the Restricted Period.
- (d) Shutdown or Divestiture. In the event that more than six months after the date of grant the Employee's termination of employment is due to the shutdown or divestiture of the Corporation's or its Affiliate's business it shall result in pro rata vesting in the number of Restricted Share Units earned based on attainment of the Performance Goal at the end of the Restricted Period as approved and authorized by the Committee, prorated for the number of full years of employment during the Restricted Period prior to the Participant's termination of employment, and shall be paid within 70 days following the end of the Restricted Period.
- (e) Qualified Termination of Employment. In the event of a Qualified Termination of Employment all restrictions will lapse and the shares will become fully vested and the number of shares that shall be considered to vest shall be the greater of the Target Level or the number of shares which would have vested based on the attainment of the Performance Goal as of the end of the prior calendar year and shall be paid within 10 days following the last day of employment of the Employee with the Corporation. Notwithstanding anything in this Agreement to the contrary, the payment of an Award to a Key Employee who has separated from service due to a Qualified Termination of Employment shall be made at the earlier of the first day of the seventh month following the date of separation from service or the end of the Restricted Period. A Key Employee is any Employee who meets the definition of a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code and the regulations promulgated thereunder.
- (f) Payment of Awards. The payment of the Award shall be made in shares of Common Stock. Except as may otherwise be provided in subparagraph 2(e), the payment shall be made within 70 days following the end of the Restricted Period.
- (g) Payment of Withholding Taxes. No shares of Common Stock, nor any cash

payment, may be delivered under this Award, unless prior to or simultaneously with such issuance, the Employee or, in the event of his death, the person succeeding to his rights hereunder, shall pay to the Corporation such amount as the Corporation advises is required under applicable federal, state or local laws to withhold and pay over to governmental taxing authorities by reason of the delivery of such shares of Common Stock and any cash payment pursuant to this Award. The Corporation may, in its discretion, withhold payment of required withholding taxes with cash or shares of Common Stock which otherwise would be delivered following the date of vesting of the Award under this paragraph 2.

3. Nontransferability. Neither the Award nor the Employee's right to receive payment for vested Awards may be assigned or transferred except upon the death of the Employee (i) by will, (ii) by the laws of descent and distribution or (iii) pursuant to a designation by the Employee of a beneficiary or beneficiaries, provided that no such designation shall be effective unless filed with the Committee prior to the death of such Employee.
4. Compliance with Law. No payment may be made under this Award, unless prior to the issuance thereof, the Corporation shall have received an opinion of counsel to the effect that this Award by the Corporation to the Employee will not constitute a violation of the Securities Act of 1933, as amended. As a condition of this Award, the Employee shall, if requested by the Corporation, submit a written statement in form satisfactory to counsel for the Corporation, to the effect that any shares received under this Award shall be for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended, and the Corporation shall have the right, in its discretion, to cause the certificates representing shares hereunder to be appropriately legended to refer to such undertaking or to any legal restrictions imposed upon the transferability thereof by reason of such undertaking.

The Award granted hereby is subject to the condition that if the listing, registration or qualification of the shares subject hereto on any securities exchange or under any state or federal law, or if the consent or approval of any regulatory body shall be necessary as a condition of, or in connection with, the granting of the Award or the delivery of shares thereunder, such shares may not be delivered unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained. The Corporation agrees to use its best efforts to obtain any such requisite listing, registration, qualification, consent or approval.

The Employee is solely responsible for obtaining/providing whatever exchange control approvals, permits, licenses, or notices, which may be necessary for the Employee to hold the Award, or to receive any payment of cash or shares or to hold or sell the shares subject to the Award, if any. Neither Kimberly-Clark nor its Affiliates will be responsible for obtaining any such approvals, licenses or permits, or for making any such notices, nor will the Corporation nor its Affiliates be liable for any fines or penalties the Employee may incur for failure to obtain any required approvals, permits or licenses or to make any required notices.
5. No Right of Continued Employment. The granting of this Award does not confer upon the Employee any legal right to be continued in the employ of the Corporation or its

Affiliates, and the Corporation and its Affiliates reserve the right to discharge the Employee whenever the interest of the Corporation or its Affiliates may so require without liability to the Corporation or 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 on the Employee under this Award.

6. Discretion of the Corporation, Board of Directors and the Committee. Any decision made or action taken by the Corporation or by the Board of Directors of the Corporation or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of this Award shall be within the absolute discretion of the Corporation, the Board of Directors of the Corporation or the Committee, as the case may be, and shall be conclusive and binding upon all persons.
7. Inalienability of Benefits and Interest. This Award and the rights and privileges conferred hereby shall not 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 the Employee.
8. Delaware Law to Govern. The Plan is governed by and subject to the laws of the United States of America. All questions pertaining to the construction, interpretation, regulation, validity and effect of the provisions of this Award and any rights under the Plan shall be determined in accordance with the laws of the State of Delaware.
9. Purchase of Common Stock. The Corporation and its Affiliates may, but shall not be required to, purchase shares of Common Stock of the Corporation for purposes of satisfying the requirements of this Award. 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 of the Corporation purchased for satisfying the requirements of this Award.
10. Notices. Any notice to be given to the Corporation under this Award shall be addressed to the Corporation in care of its Director of Compensation located at the World Headquarters, and any notice to be given to the Employee under the terms of this Award may be addressed to him at his address as it appears on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered and deposited, postage and registry fee prepaid, in a post office or branch post office regularly maintained by the United States Government.
11. Changes in Capitalization. In the event there are any changes in the common stock or the capitalization of the Corporation through a corporate transaction, such as any merger, any acquisition through the issuance of capital stock of the Corporation, any consolidation, any separation of the Corporation (including a spin-off or other distribution of stock of the Corporation), any reorganization of the Corporation (whether or not such reorganization comes within the definition of such term in section 368 of the Code), or any partial or complete liquidation by the Corporation, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate

adjustments and changes shall be made by the Committee in (a) the number of shares subject to this Award, and (b) such other provisions of this Award as may be necessary and equitable to carry out the foregoing purposes.

12. Effect on Other Plans. All benefits under this Award shall constitute special compensation and shall not affect the level of benefits provided to or received by the Employee (or the Employee's estate or beneficiaries) as part of any employee benefit plan of the Corporation or an Affiliates. This Award shall not be construed to affect in any way the Employee's rights and obligations under any other plan maintained by the Corporation or an Affiliate on behalf of employees.
13. Discretionary Nature of Award. The grant of an Award is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Future grants, if any, will be at the sole discretion of Kimberly Clark, including, but not limited to, the timing of any grant, the number of PRSUs and vesting provisions. The value of the Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.
14. Data Privacy. The Employee hereby authorizes their employer to furnish Kimberly-Clark (and any agent of Kimberly-Clark administering the Plan or providing Plan recordkeeping services) with such information and data as it shall request in order to facilitate the grant of Awards and administration of the Plan and the Employee waives any data privacy rights such Employee might otherwise have with respect to such information.
15. Conflict with Plan. This Award is awarded pursuant to and subject to the Plan. This Agreement is intended to supplement and carry out the terms of the Plan. It is subject to all terms and provisions of the Plan and, in the event of a conflict, the Plan shall prevail.
16. Successors. This Award shall be binding upon and inure to the benefit of any successor or successors of the Corporation.
17. Amendments. The Committee may at any time alter or amend this Award 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, and (3) permitted under applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended (including rule 16b-3 thereof).
18. Defined Terms. Terms which are capitalized are defined herein or in the Plan and have the same meaning set forth in the Plan, unless the context indicates otherwise.
19. For U.S. Employee's Only. A U.S. Employee who has not previously signed a noncompete agreement has until the end of the one hundred twenty (120) day period beginning from the date of grant of this Award to sign and return the Noncompete Agreement provided to such Employee. If the U.S. Employee does not sign and return

the provided Noncompete Agreement on or before the end of such one hundred twenty (120) day period then the grant of the Award, as set forth in Section 1, shall not be binding on and shall be voidable by the Corporation, in which case it shall have no further force or effect.

20. Acceptance of Award terms and conditions. An Employee has until the end of the one hundred twenty (120) day period beginning from the date of grant of this Award to accept this Award Agreement. If the Employee does not accept this Award Agreement on or before the end of such one hundred twenty (120) day period then the grant of the Award, as set forth in Section 1, shall not be binding on and shall be voidable by the Corporation, in which case it shall have no further force or effect.

### **Acknowledgment of Conditions**

I understand and acknowledge the following conditions with respect to the Award granted to me under Kimberly-Clark Corporation's 2001 Equity Participation Plan:

- The 2001 Equity Participation Plan (the "Plan") is discretionary in nature and Kimberly-Clark may cancel or terminate it at any time. The grant of an Award is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award in the future. Future grants, if any, will be at the sole discretion of Kimberly-Clark, including, but not limited to, the timing of any grant, the number of Awards, vesting provisions and the exercise price.
- My participation in the Plan is voluntary. The value of the Award is an extraordinary item of compensation outside the scope of my employment contract, if any. As such, the restricted share unit award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event shall be considered as compensation for, or relating in any way to, past services for Kimberly-Clark as my actual employer (the "Employer").
- The future value of the underlying shares is unknown and cannot be predicted with certainty. If the underlying shares do not increase in value, the Award will have no value.
- In consideration of the grant of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award, and no claim or entitlement to compensation or damages shall arise from any diminution in value of the PRSUs or shares received upon vesting of PRSUs resulting from termination of my employment by the Corporation or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and I irrevocably release the Corporation and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Award Agreement, I shall be deemed irrevocably to have waived any entitlement to pursue such claim.
- In the event of termination of my employment (whether or not in breach of local labor laws and except as otherwise explicitly provided in the Award Agreement of the Plan), my right to receive PRSUs and vest under the Plan, if any, will terminate effective as of the date that I am no longer actively employed and will not be extended by any notice period

mandated under local law (e.g., active employment would not include a period of “garden leave” or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when I am no longer actively employed for purposes of the Award.

- The Corporation is not providing any tax, legal or financial advice, nor is the Corporation making any recommendations regarding participation in the Plan. Further, I have been advised to consult with my own advisors regarding participation in the Plan before taking any action related to the Plan.
- Regardless of any action the Corporation or the Employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), I acknowledge that the ultimate liability for all Tax-Related Items legally due by me and remains my responsibility and that the Corporation and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the PRSUs, the vesting of PRSUs, the conversion of the PRSUs into shares or the receipt of an equivalent cash payment, the subsequent sale of any shares acquired at vesting and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Award to reduce or eliminate the my liability for Tax-Related Items.
- Prior to the relevant taxable event, I shall pay, or make adequate arrangements satisfactory to the Corporation or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard, I authorize the Corporation or the Employer to withhold all applicable Tax-Related Items legally payable by me from my wages or other cash compensation payable to me by the Corporation or the Employer or from any equivalent cash payment received pursuant to the PRSUs. Alternatively, or in addition, if permissible under local law, the Corporation or the Employer may, in their sole discretion, (i) sell or arrange for the sale of shares to be issued pursuant to the PRSUs to satisfy Tax-Related Items, and/or (ii) withhold in shares, provided that the Corporation and the Employer shall withhold only the amount of shares necessary to satisfy the minimum withholding amount or any such amount as described by the Corporation not to result in adverse accounting consequences. If the obligation for Tax-Related Items is satisfied by withholding in shares, I am deemed to have been issued the full number of shares subject to the Award, notwithstanding that a number of shares is held back solely for the purpose of paying Tax-Related Items. I shall pay to the Corporation or to the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold as a result of my receipt of PRSUs, the vesting of PRSUs, the receipt of an equivalent cash payment, or the conversion of vested PRSUs to shares that cannot be satisfied by the means previously described. The Corporation may refuse to deliver shares to me if I fail to comply with my obligation in connection with the Tax-Related Items as described herein.
- ***I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this Award Agreement by and among, as applicable, my Employer, the Corporation, and its Affiliates for the exclusive purpose of implementing, administering and managing my participation in the Plan.***

- *I understand that the Corporation and my Employer may hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of common stock or directorships held in the Corporation, details of all Awards or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country, or elsewhere, and that my country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the shares received upon vesting of the PRSUs may be deposited. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand that refusal or withdrawal of consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.*
- My Award may not be assigned, sold, encumbered, or in any way transferred or alienated.
- The Plan is governed by and subject to U.S. law. Interpretation of the Plan and my rights under the Plan will be governed by provisions of U.S. law. For purposes of litigating any dispute that arises under this Award or Award Agreement, the parties submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the federal courts for the United States for the Northern District of Texas and no other courts.
- I understand that I am solely responsible for obtaining/providing whatever exchange control approvals, permits, licenses or notices, which may be necessary for my Award, to acquire the shares or to hold or sell the shares subject to the PRSU award. Neither Kimberly-Clark nor its Affiliates will be responsible for obtaining such approvals, licenses or permits, or for making any such notices, nor will Kimberly-Clark or its Affiliates be liable for any fines or penalties I may incur for failure to obtain any required approvals, permits or licenses or to make any required notices.
- If one or more of the provisions of this Award Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be



construed, interpreted or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan.

- If I have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.
- I recognize that the grant of this restricted share unit award is not an element of my normal or expected compensation and I acknowledge that I have no future rights to Awards under this or any other plans offered by Kimberly-Clark, including but not limited to, upon termination of the Plan or upon severance of my employment.

### **Conclusion and Acceptance**

I accept this grant via electronic signature by clicking the "Accept" icon and certify that I have read, understand and agree to the terms and conditions of the 2001 Equity Participation Plan (the "Plan"), the provisions of the applicable agreements and all other applicable documents (including any country-specific terms applicable to my grant). I hereby authorize my employer to furnish Kimberly-Clark (and any agent administering the Plan or providing recordkeeping services) with such information and data as it shall request in order to facilitate the grant of Awards and enable administration of the Plan and I understand that such information shall be used only as long and to the extent necessary to administer my participation in the Plan. I agree that my participation in the Plan and the Awards granted to me under the Plan will be governed solely by provisions of U.S. law.

**KIMBERLY-CLARK CORPORATION  
PERFORMANCE RESTRICTED STOCK UNIT  
AWARD AGREEMENT**

**APPENDIX A**

This Appendix A includes additional terms and conditions that govern the Award granted to the Employee under the Plan if the Employee resides in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix A have the meanings set forth in the Plan and/or the Award Agreement.

**AUSTRALIA**

*Securities Law Notice*

If the Employee acquires shares of the Corporation's common stock pursuant to this Award and the Employee offers his or her shares of the Corporation's common stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. *The Employee should obtain legal advice on his or her disclosure obligations prior to making any such offer.*

*Award Payable Only in Shares*

Notwithstanding any discretion contained in the Plan, or any provision in the Award Agreement to the contrary, Awards granted to Employees in Australia shall be paid in shares of the Corporation's common stock only and do not provide any right for Employee to receive a cash payment.

**CANADA**

*Award Payable Only in Shares*

Notwithstanding any discretion contained in the Plan, or any provision in the Award Agreement to the contrary, Awards granted to Employees in Canada shall be paid in shares of the Corporation common stock only and do not provide any right for Employee to receive a cash payment.

*Language Consent*

The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

*Securities Law Notice*

The Employee is permitted to sell shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the shares are listed. The Corporation's shares are currently listed on New York Stock Exchange.

## CHINA

### *Exchange Control Notice*

Notwithstanding anything to the contrary in the Award Agreement, due to regulatory requirements in China, the Corporation reserves the right to force the Employee to immediately sell all of the shares upon vesting of the Award, upon notice to the Employee.

The Employee understands and agrees that due to exchange control laws in China, the Employee will be required to immediately repatriate the cash proceeds from the sale of shares to China. The Employee further understands that such repatriation of the cash proceeds may need to be effected through a special exchange control account established by the Corporation or a parent, subsidiary or Affiliate, and the Employee hereby consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Employee.

## INDIA

### *Fringe Benefit Tax*

By accepting this option and participating in the Plan, the Employee consents and agrees to assume any and all liability for fringe benefit tax that may be payable by the Employee or the Employer in connection with the Plan upon request of the Corporation and at the Corporation's sole discretion. The Employee understands that the grant of the Award and participation in the Plan is contingent upon his or her agreement to assume liability for fringe benefit tax payable on the shares of common stock acquired under the Plan if the Corporation so requests.

Further, by accepting this Award and participating in the Plan, the Employee agrees that the Corporation and/or the Employer may collect fringe benefit tax from the Employee by any of the means set forth in the *Acknowledgment of Conditions* section of the Award Agreement or any other reasonable method established by the Corporation. The Employee also agrees to execute any other consents or elections required to accomplish the foregoing, promptly upon request of the Corporation.

## ITALY

### *Data Privacy Notice and Consent.*

This provision replaces in its entirety the data privacy in the Award Agreement:

***The Employee hereby explicitly and unambiguously consents to the collection, use, processing and transfer, in electronic or other form, of his or her personal data as described in this section of this Appendix A by and among, as applicable, the***

***Employer, the Corporation and any Affiliate for the exclusive purpose of implementing, administering, and managing the Employee's participation in the Plan.***

***The Employee understands that the Employer, the Corporation and any Affiliate hold certain personal information about him or her, including, but not limited to, the Employee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any shares of common stock or directorships held in the Corporation or any Affiliate, details of all Awards, or any other entitlement to shares of common stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor, for the exclusive purpose of implementing, managing and administering the Plan ("Data").***

***The Employee also understands that providing the Corporation with Data is necessary for the performance of the Plan and that his or her refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Employee's ability to participate in the Plan. The Controller of personal data processing is Kimberly-Clark Corporation with registered offices at 351 Phelps Drive, Irving, Texas 75038, United States of America, and, pursuant to Legislative Decree no. 196/2003, its representative in Italy is Kimberly-Clark s.r.l. at Via Della Rocca, 49, Torino, Italy.***

***The Employee understands that Data will not be publicized, but it may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. The Employee understands that Data may also be transferred to the Corporation's independent registered public accounting firm. The Employee further understand that the Corporation and/or any Affiliate will transfer Data among themselves as necessary for the purpose of implementing, administering and managing the Employee's participation in the Plan, and that the Corporation and/or any Affiliate may each further transfer Data to third parties assisting the Corporation in the implementation, administration, and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom the Employee may elect to deposit any shares of common stock acquired under the Plan. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing the Employee's participation in the Plan. The Employee understands that these recipients may be located in or outside the European Economic Area, such as in the United States or elsewhere. Should the Corporation exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.***

***The Employee understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.***

***The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to***

***applicable laws and regulations, does not require the Employee's consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration, and management of the Plan. The Employee understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, he or she has the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing. Furthermore, the Employee is aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting the Employee's local human resources representative.***

#### *Plan Document Acknowledgment*

In accepting the grant of this option, the Employee acknowledges that he or she has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix A, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix A.

The Employee acknowledges that he or she has read and specifically and expressly approves the following sections of the Award Agreement: Section 2(6) on Payment of Withholding Taxes; Section 5 on No Right of Continued Employment; Section 8 on Delaware Law to Govern; the section on Acknowledgment of Conditions; and the Data Privacy Notice and Consent section included in this Appendix A.

## **MEXICO**

#### *Labor Law Policy and Acknowledgment*

In accepting the grant of this Award, the Employee expressly recognizes that Kimberly-Clark Corporation, with registered offices at 351 Phelps Drive, Irving, Texas 75038, United States of America, is solely responsible for the administration of the Plan and that the Employee's participation in the Plan and acquisition of shares of common stock do not constitute an employment relationship between the Employee and the Corporation since the Employee is participating in the Plan on a wholly commercial basis and his or her sole Employer is Kimberly-Clark de Mexico, S.A. de C.V. Based on the foregoing, the Employee expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between the Employee and the Employer, Kimberly-Clark de Mexico, S.A. de C.V. and do not form part of the employment conditions and/or benefits provided by Kimberly-Clark de Mexico, S.A. de C.V., and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Employee's employment.

The Employee further understands that his or her participation in the Plan is as a result of a unilateral and discretionary decision of the Corporation; therefore, Kimberly-Clark Corporation reserves the absolute right to amend and/or discontinue the Employee's participation at any time without any liability to the Employee.

Finally, the Employee hereby declares that he or she does not reserve to him- or herself any action or right to bring any claim against Kimberly-Clark Corporation for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and the

Employee therefore grants a full and broad release to the Corporation, its Affiliates, branches, representation offices, its shareholders, officers, agents, or legal representatives with respect to any claim that may arise.

#### *Política Laboral y Reconocimiento/Aceptación*

*Al aceptar el otorgamiento de este Premio, el Empleado expresamente reconoce que Kimberly-Clark Corporation con oficinas registradas en 351 Phelps Drive, Irving, Texas 75038, U.S.A., es la única responsable por la administración del Plan y que la participación del Empleado en el Plan y en su caso la adquisición de las Opciones de Compra de Acciones o Acciones no constituyen ni podrán interpretarse como una relación de trabajo entre el Empleado y Kimberly-Clark Corporation, ya que el Empleado participa en el Plan en un marco totalmente comercial y su único Patrón lo es Kimberly-Clark de Mexico, S.A. de C.V., con domicilio en Kimberly-Clark de Mexico, S.A. de C.V. Mexico. Derivado de lo anterior, el Empleado expresamente reconoce que el Plan y los beneficios que pudieran derivar de la participación en el Plan no establecen derecho alguno entre el Empleado y el Patrón, Kimberly-Clark de Mexico, S.A. de C.V. y no forma parte de las condiciones de trabajo y/o las prestaciones otorgadas por Kimberly-Clark de Mexico, S.A. de C.V. y que cualquier modificación al Plan o su terminación no constituye un cambio o impedimento de los términos y condiciones de la relación de trabajo del Empleado.*

*Asimismo, el Empleado reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de Kimberly-Clark Corporation por lo tanto, Kimberly-Clark Corporation se reserva el absoluto derecho de modificar y/o terminar la participación del Empleado en cualquier momento y sin responsabilidad alguna frente el Empleado.*

*Finalmente, el Empleado por este medio declara que no se reserva derecho o acción alguna que ejercitar en contra de Kimberly-Clark Corporation por cualquier compensación o daño en relación con las disposiciones del Plan o de los beneficios derivados del Plan y por lo tanto, el Empleado otorga el más amplio finiquito que en derecho proceda a Kimberly-Clark Corporation, sus afiliadas, subsidiarias, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales en relación con cualquier demanda que pudiera surgir.*

#### **NEW ZEALAND**

##### *Securities Law Notice*

The Employee will receive the following documents (in addition to this Appendix A) in connection with the Award from the Corporation:

1. an Award Agreement which sets forth the terms and conditions of the Award grant;
2. a copy of the Corporation's most recent annual report and most recent financial reports have been made available to enable the Employee to make informed decisions concerning the Award; and
3. a copy of the description of the Kimberly-Clark Corporation 2001 Equity Participation Plan ("Description") (i.e., the Corporation's Form S-8 Plan Prospectus under the U.S. Securities

Act of 1933, as amended), and the Corporation will provide any attachments or documents incorporated by reference into the Description upon written request. The documents incorporated by reference into the Description are updated periodically. Should the Employee request copies of the documents incorporated by reference into the Description, the Corporation will provide the Employee with the most recent documents incorporated by reference.

## **RUSSIA**

### *Securities Law Notice*

This Award Agreement, the Plan and all other materials the Employee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of shares of common stock under the Plan has not and will not be registered in Russia and hence the shares described in any Plan-related documents may not be offered or placed in public circulation in Russia.

Please note that, under the Russian law, the Employee is not permitted to sell the Corporation's shares directly to other Russian individuals and the Employee is not permitted to bring share certificates into Russia.

## **SOUTH AFRICA**

### *Tax Acknowledgment*

By accepting the Award, the Employee agrees to notify the Employer of the amount of any gain realized upon vesting of the Award. If the Employee fails to advise the Employer of the gain realized upon vesting, the Employee may be liable for a fine. The Employee will be responsible for paying any difference between the actual tax liability and the amount withheld.

## **SPAIN**

### *Labor Law Acknowledgment*

By accepting the Award, the Employee acknowledges that he or she understands and agrees to participation in the Plan and that he or she has received a copy of the Plan.

The Employee understands that the Corporation has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees of the Corporation or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Corporation or any of its Affiliates on an ongoing basis. Consequently, the Employee understands that any grant is given on the assumption and condition that it shall not become a part of any employment contract (either with the Corporation or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, the Employee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the Award and the underlying shares is unknown and unpredictable. In addition, the Employee understands that this grant would not

be made but for the assumptions and conditions referred to above; thus, the Employee understands, acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the Award shall be null and void.

## **UNITED KINGDOM**

### *Tax Acknowledgment*

The following information supplements the information regarding Tax-Related Items in the Acknowledgment of Conditions section of the Award Agreement:

If payment or withholding of the income tax due is not made within 90 days of the event giving rise to the Tax-Related Items or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected Tax-Related Items shall constitute a loan owed by the Employee to the Employer, effective on the Due Date. The Employee agrees that the loan will bear interest at the then-current Her Majesty's Revenue and Customs ("HMRC") official rate; it will be immediately due and repayable. Notwithstanding the foregoing, if the Employee is an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), the terms of this provision will not apply to the Employee. In the event that the Employee is an officer or director, as defined above, and Tax-Related Items are not collected from or paid by the Employee by the Due Date, the amount of any uncollected Tax-Related Items may constitute a benefit to the Employee on which additional income tax and National Insurance Contributions may be payable. The Employee acknowledges the Corporation or the Employer may recover it at any time thereafter by any of the means referred to in the Award Agreement. The Employee authorizes the Corporation to withhold the transfer of any shares unless and until the loan is repaid in full.

## **VIETNAM**

### *Exchange Control Notice*

Notwithstanding anything to the contrary in the Award Agreement, due to regulatory requirements in Vietnam, the Corporation reserves the right to force the Employee to immediately sell all of the shares upon vesting of the Award, upon notice to the Employee.

The Employee understands and agrees that due to exchange control laws in Vietnam, the Employee will be required to immediately repatriate the cash proceeds from the sale of shares to Vietnam. The Employee further understand that such repatriation of the cash proceeds may need to be effected through a special exchange control account established by the Corporation or a parent, subsidiary or Affiliate, and the Employee hereby consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Employee.



**KIMBERLY-CLARK CORPORATION  
NONQUALIFIED STOCK OPTION  
AWARD AGREEMENT**

This Award, granted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by Kimberly-Clark Corporation, a Delaware corporation (hereinafter called the "Corporation"), is subject to the terms and conditions of the 2001 Equity Participation Plan (the "Plan") and this Award Agreement, including any country-specific terms and conditions contained in Appendix A to this Award Agreement.

**W I T N E S S E T H:**

WHEREAS, the Corporation has adopted the 2001 Equity Participation Plan (the "Plan") 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 the Affiliate's long-term success;

NOW, THEREFORE, it is agreed as follows:

1. **Number of Shares Optioned; Option Price.** The Corporation grants to the Employee the right and option to purchase in his own name, on the terms and conditions hereinafter set forth, all or any part of an aggregate of the number of shares of the \$1.25 par value common stock of the Corporation, and at the purchase price per share, as granted by the Committee on the date set forth above and as reflected on the Merrill Lynch online site, or any successor system, via the Grant Summary screen as the Options Granted and the Grant Price. This option shall not be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").
2. **Exercise of Option.**
  - (a) **Limitations on Exercise.** This option shall be subject to forfeiture until the Employee becomes vested in such Awards according to the schedule set forth in the Award Agreement. This option shall not be exercisable until at least one year has expired after the granting of this option, during which time the Employee shall have been in the continuous employ of the Corporation or an Affiliate; provided, however, that the option shall become exercisable immediately in the event of a Qualified Termination of Employment of a Participant, without regard to the limitations set forth below in this subsection. At any time during the period of this option after the end of the first year, the Employee may purchase up to 30 percent of the shares covered by this option; after the end of the second year, an additional 30 percent; and after the end of the third year, the remaining 40 percent of the total number of shares covered

by the option, so that, upon the expiration of the third year, the Employee will have become entitled to purchase all shares subject to this option; provided,, however, that if the Employee's employment is terminated for any reason other than death, Retirement, or Total and Permanent Disability, this option shall only be exercisable for three months following such termination and only for the number of shares which were exercisable on the date of such termination. In no event, however, may this option be exercised more than ten (10) years after the date of its grant.

The above provisions of Section 2(a) notwithstanding, to the extent provided by rules of the Committee referred to in the Plan (hereinafter referred to as the "Committee"), this option is not exercisable during any period during which the Employee's right to make deposits to the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan is suspended pursuant to a provision of such plan or rules adopted thereunder to comply with regulations regarding hardship withdrawals promulgated by the Internal Revenue Service.

A termination of employment shall not be deemed to have occurred while an Employee is on military leave or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee retains a right to reemployment with the Corporation or an Affiliate under an applicable statute or by contract. For purposes of this subparagraph, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Employee will return to perform services for the Corporation or an Affiliate. If the period of leave exceeds six months and the Employee does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing sentence, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence is substituted for such six-month period in determining whether a termination of employment shall be deemed to have occurred. 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. An Employee who is classified as an intermittent employee shall be deemed to have a termination of employment for purposes of the Plan.

- (b) Exercise after Death, Retirement, or Disability. If the Employee dies, Retires or becomes Totally and Permanently Disabled without having exercised this option in full, the remaining portion of this option, determined without regard to the limitations in subsection 2(a), may be exercised within the earlier of (i) three years from the date of death or Total and Permanent Disability or five years from the date of Retirement, as the case may be, or (ii) the remaining period of this option. In the case of an Employee who dies, this option may be exercised by the person or persons to whom the Employee's rights under this option shall pass by will or by applicable law or, if no such person has such rights, by his

executor or administrator.

- (c) Method of Exercise. This option shall be exercised by delivering to Merrill Lynch, or other authorized agent of the Corporation, as set forth in their terms and conditions of exercise, 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 or in shares of the Corporation's common stock as set forth in the terms and conditions of exercise. The date of exercise shall be deemed to be the date of receipt of the written notice and payment for the shares being purchased. The Employee shall have none of the rights of a stockholder with respect to shares covered by such options until the Employee becomes record holder of such shares.
  - (d) Payment of Withholding Taxes. No shares of common stock may be purchased under this option, unless prior to or simultaneously with such purchase, (i) the Participant, (ii) in the event of his death, the person succeeding to his rights hereunder or, (iii) in the event of a transfer of an option under Section 8 hereof, either the Participant, the Immediate Family Members or the entity succeeding to his rights hereunder, shall pay to the Corporation such amount as the Corporation advises is required under applicable federal, state or local laws to withhold and pay over to governmental taxing authorities by reason of the purchase of such shares of common stock pursuant to this option. Other than a purchase of shares pursuant to an option which had previously been transferred under Section 8 hereof, payment of required withholding taxes may be made with shares of the Corporation's common stock which otherwise would be distributable upon exercise of the option, pursuant to the rules of the Committee.
3. Nontransferability. Except as may otherwise be provided by the Committee, this option shall be transferable only by will or by the laws of descent and distribution, and during the Employee's lifetime shall be exercisable only by him.
4. Compliance with Law. No shares of common stock may be purchased under this option, unless prior to the purchase thereof, the Corporation shall have received an opinion of counsel to the effect that the issuance and sale of such shares by the Corporation to the Employee will not constitute a violation of the Securities Act of 1933, as amended. As a condition of exercise, the Employee shall, if requested by the Corporation, submit a written statement in form satisfactory to counsel for the Corporation, to the effect that any shares of common stock purchased upon exercise of this option will be purchased for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended, and the Corporation shall have the right, in its discretion, to cause the certificates representing shares of common stock purchased hereunder to be appropriately legended to refer to such undertaking or to any legal restrictions imposed upon the transferability thereof by reason of such undertaking.

The option granted hereby is subject to the condition that if the listing, registration or qualification of the shares subject hereto on any securities exchange or under any state or federal law, or if the consent or approval of any regulatory body shall be necessary as a condition of, or in connection with, the granting of the option or the

delivery or purchase of shares thereunder, such option may not be exercised in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained. The Corporation agrees to use its best efforts to obtain any such requisite listing, registration, qualification, consent or approval.

5. No Right of Continued Employment. The granting of this option does not confer upon the Employee any legal right to be continued in the employ of the Corporation or its Affiliates, and the Corporation and its Affiliates reserve the right to discharge the Employee whenever the interest of the Corporation or its Affiliates may so require without liability to the Corporation or 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 on the Employee under this option.
6. Discretion of the Corporation, Board of Directors and the Committee. Any decision made or action taken by the Corporation or by the Board of Directors of the Corporation or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of this option shall be within the absolute discretion of the Corporation, the Board of Directors of the Corporation or the Committee, as the case may be, and shall be conclusive and binding upon all persons.
7. Amendments. The Committee may at any time alter or amend this option 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 Securities Exchange Act of 1934, as amended (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). Notwithstanding anything to the contrary contained herein, the Committee may not take any action that would result in any amount payable under this option qualifying as "applicable employee remuneration" as so defined for purposes of section 162(m) of the Code.
8. Inalienability of Benefits and Interest. This option and the rights and privileges conferred hereby shall not 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 the Employee.
9. Delaware Law to Govern. All questions pertaining to the construction, interpretation, regulation, validity and effect of the provisions of this option shall be determined in accordance with the laws of the State of Delaware.
10. Purchase of Common Stock. The Corporation and its Affiliates may, but shall not be required to, purchase shares of common stock of the Corporation for purposes of satisfying the requirements of this option. 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 of the Corporation purchased for satisfying the requirements of this option.
11. Notices. Any notice to be given to the Corporation under this option shall be addressed to the Corporation in care of its Treasurer located at the World

Headquarters, and any notice to be given to the Employee under the terms of this option may be addressed to him at his address as it appears on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered and deposited, postage and registry fee prepaid, in a post office or branch post office regularly maintained by the United States Government.

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 in (a) the number of shares and the option price per share of stock subject to this option, and (b) such other provisions of this option 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 benefits under this option shall constitute special compensation and shall not affect the level of benefits provided to or received by the Employee (or the Employee's estate or beneficiaries) as part of any employee benefit plan of the Corporation or an Affiliate. This option shall not be construed to affect in any way the Employee's rights and obligations under any other plan maintained by the Corporation or an Affiliate on behalf of employees.
14. Successors. This option shall be binding upon and inure to the benefit of any successor or successors of the Corporation.
15. Defined Terms. Terms which are capitalized are defined herein or in the Plan and have the same meaning set forth in the Plan, unless the context indicates otherwise.
16. For U.S. Employee's Only. A U.S. Employee who has not previously signed a noncompete agreement has until the end of the one hundred twenty (120) day period beginning from the date of grant of this option to sign and return the Noncompete Agreement provided to such Employee. If the U.S. Employee does not sign and return the provided Noncompete Agreement on or before the end of such one hundred twenty (120) day period then the grant of the right and option to purchase the shares of common stock of the Corporation, as set forth in Section 1, shall not be binding on and shall be voidable by the Corporation, in which case it shall have no further force or effect.
17. Acceptance of Option terms and conditions. An Employee has until the end of the one hundred twenty (120) day period beginning from the date of grant of this option to accept this Option Agreement. If the Employee does not accept this Option Agreement on or before the end of such one hundred twenty (120) day period then the grant of the right and option to purchase the shares of common stock of the Corporation, as set

forth in Section 1, shall not be binding on and shall be voidable by the Corporation, in which case it shall have no further force or effect.

### **Acknowledgment of Conditions**

I understand and acknowledge the following conditions with respect to the award granted to me under Kimberly-Clark Corporation's 2001 Equity Participation Plan:

- The 2001 Equity Participation Plan (the "Plan") is discretionary in nature and Kimberly-Clark may cancel or terminate it at any time. The grant of an option is a one-time benefit and does not create any contractual or other right to receive a grant of options or benefits in lieu of options in the future. Future grants, if any, will be at the sole discretion of Kimberly-Clark, including, but not limited to, the timing of any grant, the number of option shares, vesting provisions and the exercise price.
- My participation in the Plan is voluntary. The value of the option is an extraordinary item of compensation outside the scope of my employment contract, if any. As such, the option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event shall be considered as compensation for, or relating in any way to, past services for the Corporation or my actual employer (the "Employer").
- Vesting of any option shares ceases upon termination of active employment for any reason except as may otherwise be explicitly provided in the Plan document and this Award Agreement, and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when I am no longer actively employed for purposes of my this option.
- In consideration of the grant of this option, no claim or entitlement to compensation or damages shall arise from termination of this option or diminution in value of this option resulting from termination of my employment by the Corporation or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and I irrevocably release the Corporation and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Award Agreement, I shall be deemed irrevocably to have waived my entitlement to pursue such claim.
- The future value of the underlying shares is unknown and cannot be predicted with certainty. If the underlying shares do not increase in value, the option will have no value. If I exercise this option and obtain shares, the value of those shares acquired upon exercise may increase or decrease in value, even below the option price.
- Regardless of any action the Corporation or the Employer take with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items legally due by me is and remains my responsibility and that the Corporation and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this option, including, but not limited to, the grant, vesting or exercise of this option, the subsequent

sale of shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to structure the terms of the grant or any aspect of this option to reduce or eliminate my liability for Tax-Related Items.

- Prior to the relevant taxable event, I shall pay or make adequate arrangements satisfactory to the Corporation and/or the Employer to satisfy or account for all Tax-Related Items. In this regard, I authorize the Corporation or the Employer to withhold all applicable Tax-Related Items legally payable by me from my wages or other cash compensation payable to me by the Corporation or the Employer or from any equivalent cash payment received pursuant to the option. Alternatively, or in addition, if permissible under local law, the Corporation or the Employer may, in their sole discretion, (i) sell or arrange for the sale of shares to be issued upon exercise to satisfy Tax-Related Items, and/or (ii) withhold in shares, provided that the Corporation and the Employer shall withhold only the amount of shares necessary to satisfy the minimum withholding amount or any such amount as described by the Corporation not to result in adverse accounting consequences. If the obligation for Tax-Related Items is satisfied by withholding in shares, I am deemed to have been issued the full number of shares subject to the option, notwithstanding that a number of shares is held back solely for the purpose of paying Tax-Related Items. I shall pay to the Corporation or to the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold as a result of my exercise of the option, the vesting of the option, the receipt of an equivalent cash payment, or the sale of shares that cannot be satisfied by the means previously described. The Corporation may refuse to honor the exercise or deliver shares to me if I fail to comply with my obligation in connection with the Tax-Related Items as described herein.
- The Corporation is not providing any tax, legal or financial advice, nor is the Corporation making any recommendations regarding my participation in the Plan, or my acquisition or sale of the underlying shares. I am hereby advised to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.
- ***Data Privacy.*** *I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this Agreement and any other this option grant materials by and among, as applicable, the Employer, the Corporation and its subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing my participation in the Plan.*

***I understand that the Corporation and the Employer may hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all options or any other entitlement to shares of common stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").***

***I understand that Data will be transferred to a broker, or such other stock plan service provider as may be selected by the Corporation in the future, which is assisting the Corporation with the implementation, administration and management of the Plan. I understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may***

***have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the Company, the broker and any other possible recipients which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the Plan. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.***

- My option may not be assigned, sold, encumbered, or in any way transferred or alienated.
- The Plan is governed by and subject to U.S. law. Interpretation of the Plan and my rights under the Plan will be governed by provisions of U.S. law. For purposes of litigating any dispute that arises under this grant or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, U.S.A. and agree that such litigation shall be conducted in the federal courts for the United States for the Northern District of Texas, where this grant is made and/or to be performed.
- I understand that I am solely responsible for obtaining/providing whatever exchange control approvals, permits, licenses or notices, which may be necessary for me to exercise my option, acquire the shares or to hold or sell the shares subject to the option or restricted share unit award. Neither Kimberly-Clark nor its Affiliates will be responsible for obtaining such approvals, licenses or permits, or for making any such notices, nor will Kimberly-Clark or its Affiliates be liable for any fines or penalties I may incur for failure to obtain any required approvals, permits or licenses or to make any required notices.
- If I have received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by local law.
- The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- I recognize that the grant of this option is not an element of my normal or expected compensation and I acknowledge that I have no future rights to option grants under this or any other plans offered by Kimberly-Clark, including but not limited to, upon termination of the Plan or upon severance of my employment.

### **Conclusion and Acceptance**

I accept this grant via electronic signature by clicking the "Accept" icon and certify that I have



read, understand and agree to the terms and conditions of the 2001 Equity Participation Plan (the "Plan"), the provisions of the applicable agreements and all other applicable documents (including any country-specific terms applicable to my grant). I hereby authorize my employer to furnish Kimberly-Clark (and any agent administering the Plan or providing recordkeeping services) with such information and data as it shall request in order to facilitate the grant of options and enable administration of the Plan and I understand that such information shall be used only as long and to the extent necessary to administer my participation in the Plan. I agree that my participation in the Plan and the awards granted to me under the Plan will be governed solely by provisions of U.S. law.

**KIMBERLY-CLARK CORPORATION  
NONQUALIFIED STOCK OPTION  
AWARD AGREEMENT**

**APPENDIX A**

This Appendix A includes additional terms and conditions that govern this option granted to the Employee under the Plan if the Employee resides in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix A have the meanings set forth in the Plan and/or the Award Agreement.

**AUSTRALIA**

*Securities Law Notice*

If the Employee acquires shares of the Corporation's common stock pursuant to this option and the Employee offers his or her shares of the Corporation's common stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. *The Employee should obtain legal advice on his or her disclosure obligations prior to making any such offer.*

**CANADA**

*Form of Payment*

Notwithstanding anything in the Plan or the Award Agreement to the contrary, the Employee is prohibited from surrendering shares of common stock that he or she already owns or attesting to the ownership of shares to pay the option price or any Tax-Related Items in connection with this option.

*Language Consent*

The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

*Securities Law Notice*

The Employee is permitted to sell shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the shares are listed. The Corporation's shares are currently listed on New York Stock Exchange.

**CHINA**

*Method of Exercise*

Notwithstanding anything to the contrary in the Award Agreement, due to regulatory requirements in China, the Employee must exercise this option using the cashless exercise method. To complete a full cashless exercise, the Employee should notify a licensed securities broker acceptable to the Corporation to: (i) sell all of the shares upon exercise; (ii) use the proceeds to pay the option price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to the Employee. If the Employee does not complete this procedure, the Corporation may refuse to allow the Employee to exercise this option. The Corporation reserves the right to provide the Employee with additional methods of exercise depending on local developments.

#### *Repatriation Acknowledgment and Consent*

The Employee understands and agrees that due to exchange control laws in China, the Employee will be required to immediately repatriate the cash proceeds from the sale of shares to China. The Employee further understands that such repatriation of the cash proceeds may need to be effected through a special exchange control account established by the Corporation or a parent, subsidiary or Affiliate, and the Employee hereby consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Employee.

### **INDIA**

#### *Fringe Benefit Tax*

By accepting this option and participating in the Plan, the Employee consents and agrees to assume any and all liability for fringe benefit tax that may be payable by the Employee or the Employer in connection with the Plan upon request of the Corporation and at the Corporation's sole discretion. The Employee understands that the grant of this option and participation in the Plan is contingent upon his or her agreement to assume liability for fringe benefit tax payable on the shares of common stock acquired under the Plan if the Corporation so requests.

Further, by accepting this option and participating in the Plan, the Employee agrees that the Corporation and/or the Employer may collect fringe benefit tax from the Employee by any of the means set forth in the *Acknowledgment of Conditions* section of the Award Agreement or any other reasonable method established by the Corporation. The Employee also agrees to execute any other consents or elections required to accomplish the foregoing, promptly upon request of the Corporation.

### **ITALY**

#### *Method of Exercise*

Notwithstanding anything to the contrary in the Award Agreement, due to regulatory requirements in Italy, the Employee must exercise this option using the cashless exercise method. To complete a full cashless exercise, the Employee should notify a licensed securities broker acceptable to the Corporation to: (i) sell all of the shares upon exercise; (ii) use the proceeds to pay the option price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to the Employee. If the Employee does not complete this procedure, the Corporation may refuse to allow the Employee to exercise this option. The Corporation reserves the right to provide the Employee with additional methods of exercise

depending on local developments.

*Data Privacy Notice and Consent.*

This provision replaces in its entirety the data privacy in the Award Agreement:

***The Employee hereby explicitly and unambiguously consents to the collection, use, processing and transfer, in electronic or other form, of his or her personal data as described in this section of this Appendix A by and among, as applicable, the Employer, the Corporation and any Affiliate for the exclusive purpose of implementing, administering, and managing the Employee's participation in the Plan.***

***The Employee understands that the Employer, the Corporation and any Affiliate hold certain personal information about him or her, including, but not limited to, the Employee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any shares of common stock or directorships held in the Corporation or any Affiliate, details of all options, or any other entitlement to shares of common stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor, for the exclusive purpose of implementing, managing and administering the Plan ("Data").***

***The Employee also understands that providing the Corporation with Data is necessary for the performance of the Plan and that his or her refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Employee's ability to participate in the Plan. The Controller of personal data processing is Kimberly-Clark Corporation with registered offices at 351 Phelps Drive, Irving, Texas 75038, United States of America, and, pursuant to Legislative Decree no. 196/2003, its representative in Italy is Kimberly-Clark s.r.l. at Via Della Rocca, 49, Torino, Italy.***

***The Employee understands that Data will not be publicized, but it may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. The Employee understands that Data may also be transferred to the Corporation's independent registered public accounting firm. The Employee further understand that the Corporation and/or any Affiliate will transfer Data among themselves as necessary for the purpose of implementing, administering and managing the Employee's participation in the Plan, and that the Corporation and/or any Affiliate may each further transfer Data to third parties assisting the Corporation in the implementation, administration, and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom the Employee may elect to deposit any shares of common stock acquired under the Plan. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing the Employee's participation in the Plan. The Employee understands that these recipients may be located in or outside the European Economic Area, such as in the United States or elsewhere. Should the Corporation exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.***

***The Employee understands that Data processing related to the purposes specified***

***above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.***

***The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require the Employee's consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration, and management of the Plan. The Employee understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, he or she has the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing. Furthermore, the Employee is aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting the Employee's local human resources representative.***

#### *Plan Document Acknowledgment*

In accepting the grant of this option, the Employee acknowledges that he or she has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix A, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix A.

The Employee acknowledges that he or she has read and specifically and expressly approves the following sections of the Award Agreement: Section 2(d) on Payment of Withholding Taxes; Section 5 on No Right of Continued Employment; Section 9 on Delaware Law to Govern; the section on Acknowledgment of Conditions; and the Data Privacy Notice and Consent section included in this Appendix A.

## **MEXICO**

#### *Labor Law Policy and Acknowledgment*

In accepting the grant of this option, the Employee expressly recognizes that Kimberly-Clark Corporation, with registered offices at 351 Phelps Drive, Irving, Texas 75038, United States of America, is solely responsible for the administration of the Plan and that the Employee's participation in the Plan and acquisition of shares of common stock do not constitute an employment relationship between the Employee and the Corporation since the Employee is participating in the Plan on a wholly commercial basis and his or her sole Employer is Kimberly-Clark de Mexico, S.A. de C.V. Based on the foregoing, the Employee expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between the Employee and the Employer, Kimberly-Clark de Mexico, S.A. de C.V. and do not form part of the employment conditions and/or benefits provided by Kimberly-Clark de Mexico, S.A. de C.V., and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Employee's employment.

The Employee further understands that his or her participation in the Plan is as a result of a unilateral and discretionary decision of the Corporation; therefore, Kimberly-Clark Corporation reserves the absolute right to amend and/or discontinue the Employee's participation at any

time without any liability to the Employee.

Finally, the Employee hereby declares that he or she does not reserve to him- or herself any action or right to bring any claim against Kimberly-Clark Corporation for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and the Employee therefore grants a full and broad release to the Corporation, its Affiliates, branches, representation offices, its shareholders, officers, agents, or legal representatives with respect to any claim that may arise.

#### *Política Laboral y Reconocimiento/Aceptación*

*Al aceptar el otorgamiento de la Opción de Compra de Acciones y/o Acciones Diferidas, el Empleado expresamente reconoce que Kimberly-Clark Corporation con oficinas registradas en 351 Phelps Drive, Irving, Texas 75038, U.S.A., es la única responsable por la administración del Plan y que la participación del Empleado en el Plan y en su caso la adquisición de las Opciones de Compra de Acciones o Acciones no constituyen ni podrán interpretarse como una relación de trabajo entre el Empleado y Kimberly-Clark Corporation, ya que el Empleado participa en el Plan en un marco totalmente comercial y su único Patrón lo es Kimberly-Clark de Mexico, S.A. de C.V. con domicilio en Kimberly-Clark de Mexico, S.A. de C.V. Mexico. Derivado de lo anterior, el Empleado expresamente reconoce que el Plan y los beneficios que pudieran derivar de la participación en el Plan no establecen derecho alguno entre el Empleado y el Patrón, Kimberly-Clark de Mexico, S.A. de C.V. y no forma parte de las condiciones de trabajo y/o las prestaciones otorgadas por Kimberly-Clark de Mexico, S.A. de C.V. y que cualquier modificación al Plan o su terminación no constituye un cambio o impedimento de los términos y condiciones de la relación de trabajo del Empleado.*

*Asimismo, el Empleado reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de Kimberly-Clark Corporation por lo tanto, Kimberly-Clark Corporation se reserva el absoluto derecho de modificar y/o terminar la participación del Empleado en cualquier momento y sin responsabilidad alguna frente al Empleado.*

*Finalmente, el Empleado por este medio declara que no se reserva derecho o acción alguna que ejercitar en contra de Kimberly-Clark Corporation por cualquier compensación o daño en relación con las disposiciones del Plan o de los beneficios derivados del Plan y por lo tanto, el Empleado otorga el más amplio finiquito que en derecho proceda a Kimberly-Clark Corporation, sus afiliadas, subsidiarias, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales en relación con cualquier demanda que pudiera surgir.*

#### **NEW ZEALAND**

##### *Securities Law Notice*

The Employee will receive the following documents (in addition to this Appendix A) in connection with this option from the Corporation:

1. an Award Agreement which sets forth the terms and conditions of the option grant;
2. a copy of the Corporation's most recent annual report and most recent financial reports have been made available to enable the Employee to make informed decisions concerning this option; and

3. a copy of the description of the Kimberly-Clark Corporation 2001 Equity Participation Plan ("Description") (i.e., the Corporation's Form S-8 Plan Prospectus under the U.S. Securities Act of 1933, as amended), and the Corporation will provide any attachments or documents incorporated by reference into the Description upon written request. The documents incorporated by reference into the Description are updated periodically. Should the Employee request copies of the documents incorporated by reference into the Description, the Corporation will provide the Employee with the most recent documents incorporated by reference.

## **RUSSIA**

### *Securities Law Notice*

This Award Agreement, the Plan and all other materials the Employee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of shares of common stock under the Plan has not and will not be registered in Russia and hence the shares described in any Plan-related documents may not be offered or placed in public circulation in Russia.

Please note that, under the Russian law, the Employee is not permitted to sell the Corporation's shares directly to other Russian individuals and the Employee is not permitted to bring share certificates into Russia.

## **SOUTH AFRICA**

### *Tax Acknowledgment*

By accepting this Option, the Employee agrees to notify the Employer of the amount of any gain realized upon exercise of this Option. If the Employee fails to advise the Employer of the gain realized upon exercise, the Employee may be liable for a fine. The Employee will be responsible for paying any difference between the actual tax liability and the amount withheld.

If the Employee uses cash to exercise this Option and purchase shares, rather than a cashless exercise method, the Employee must first obtain a "Tax Clearance Certificate (in Respect of Foreign Investment)" from the South African Reserve Service. The Employee must also complete a transfer of funds application form to transfer the funds. The Tax Clearance Certificate should be presented to a dealer of the Exchange Control Department of the South Africa Reserve Bank (it is likely that the Employee's bank will qualify as such a dealer), together with a completed application form to transfer funds. No transfer of funds may be completed unless the original Tax Clearance Certificate bears the official stamp and signature of the Office of Receiver of Revenue of the South African Reserve Service.

## **SPAIN**

### *Labor Law Acknowledgment*

By accepting this Option, the Employee acknowledges that he or she understands and agrees to participation in the Plan and that he or she has received a copy of the Plan.

The Employee understands that the Corporation has unilaterally, gratuitously and discretionally decided to grant Options under the Plan to individuals who may be employees of

the Corporation or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Corporation or any of its Affiliates on an ongoing basis. Consequently, the Employee understands that any grant is given on the assumption and condition that it shall not become a part of any employment contract (either with the Corporation or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, the Employee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of this Option and the underlying shares is unknown and unpredictable. In addition, the Employee understands that this grant would not be made but for the assumptions and conditions referred to above; thus, the Employee understands, acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then this Option shall be null and void.

## **UNITED KINGDOM**

### *Tax Acknowledgment*

The following information supplements the information regarding Tax-Related Items in the Acknowledgment of Conditions section of the Award Agreement:

If payment or withholding of the income tax due is not made within 90 days of the event giving rise to the Tax-Related Items or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected Tax-Related Items shall constitute a loan owed by the Employee to the Employer, effective on the Due Date. The Employee agrees that the loan will bear interest at the then-current Her Majesty's Revenue and Customs ("HMRC") official rate; it will be immediately due and repayable. Notwithstanding the foregoing, if the Employee is an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), the terms of this provision will not apply to the Employee. In the event that the Employee is an officer or director, as defined above, and Tax-Related Items are not collected from or paid by the Employee by the Due Date, the amount of any uncollected Tax-Related Items may constitute a benefit to the Employee on which additional income tax and National Insurance Contributions may be payable. The Employee acknowledges the Corporation or the Employer may recover it at any time thereafter by any of the means referred to in the Award Agreement. The Employee authorizes the Corporation to withhold the transfer of any shares unless and until the loan is repaid in full.

## **VIETNAM**

### *Method of Exercise*

Notwithstanding anything to the contrary in the Award Agreement, due to regulatory requirements in Vietnam, the Employee must exercise this Option using the cashless exercise method. To complete a full cashless exercise, the Employee should notify a licensed securities broker acceptable to the Corporation to: (i) sell all of the shares upon exercise; (ii) use the proceeds to pay the option price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to the Employee. If the Employee does not complete this procedure, the Corporation may refuse to allow the Employee to exercise this Option. The Corporation reserves the right to provide the Employee with additional methods of exercise



depending on local developments.

*Repatriation Acknowledgment and Consent*

The Employee understands and agrees that due to exchange control laws in Vietnam, the Employee will be required to immediately repatriate the cash proceeds from the sale of shares to Vietnam. The Employee further understand that such repatriation of the cash proceeds may need to be effected through a special exchange control account established by the Corporation or a parent, subsidiary or Affiliate, and the Employee hereby consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Employee.

**KIMBERLY-CLARK CORPORATION**  
**TIME-VESTED RESTRICTED SHARE UNIT**  
**\_\_\_\_\_ AWARD AGREEMENT**

This Award, granted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by Kimberly-Clark Corporation, a Delaware corporation (hereinafter called the "Corporation"), subject to the terms and conditions of the 2001 Equity Participation Plan (the "Plan") and the Award Agreement, including any country-specific terms contained in Appendix A to this Award Agreement.

W I T N E S S E T H:

WHEREAS, the Corporation has adopted the 2001 Equity Participation Plan (the "Plan") 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 the Affiliate's long-term success;

NOW, THEREFORE, it is agreed as follows:

1. Number of Share Units Granted. The Corporation hereby grants to the Employee the right to receive \_\_\_\_\_ Time-Vested Restricted Share Units of the \$1.25 par value common stock of the Corporation, subject to the terms, conditions and restrictions set forth herein and in the Plan.
2. Transferability Restrictions.
  - (a) Restricted Period. During the Restricted Period, the Employee may not sell, assign, transfer, or otherwise dispose of, or mortgage, pledge or otherwise encumber the Award. The Restricted Share Units shall be subject to forfeiture until the Employee becomes vested in such Awards according to the following schedule:  
  
33% of the Restricted Share Units shall vest on \_\_\_\_\_  
33% of the Restricted Share Units shall vest on \_\_\_\_\_  
34% of the Restricted Share Units shall vest on \_\_\_\_\_

The Restricted Period shall begin on the date of the granting of this Award, and shall end upon the vesting of the Award according to the schedule set forth above. Holders of Awards shall have none of the rights of a shareholder with respect to such shares including, but not limited to, any right to receive dividends in cash or other property or other distribution or rights in respect of such shares except as otherwise provided in this Agreement, nor to vote such shares as the record owner thereof.

Holders of Restricted Share Units shall have none of the rights of a shareholder with respect to such shares. For example, holders of Restricted Share Units

shall not have any right to receive dividends in cash or other property or other distribution or rights in respect of such shares, nor to vote such shares as the record owner thereof. During the Restricted Period, the Employee will be credited with dividends, equivalent in value to those declared and paid on shares of Common Stock, on all Restricted Share Units granted under this Award. These dividends will be regarded as having been reinvested in Restricted Share Units on the date of the Common Stock dividend payments based on the then Fair Market Value of the Common Stock thereby increasing the number of Restricted Share Units held by the Employee. The Corporation shall not be required to segregate any cash or other property of the Corporation. Any amounts which become payable to an Employee shall be paid from the general assets of the Corporation.

- (b) Termination of Employment. Employee shall forfeit any unvested Award upon termination of employment unless such termination (i) is due to a Qualified Termination of Employment, or (ii) if more than six months after the date of grant, due to death, Total and Permanent Disability, or the shutdown or divestiture of a business unit. A termination of employment shall not be deemed to have occurred while an Employee is on military leave or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee retains a right to reemployment with the Corporation or an Affiliate under an applicable statute or by contract. For purposes of this subparagraph, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Employee will return to perform services for the Corporation or an Affiliate. If the period of leave exceeds six months and the Employee does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing sentence, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence is substituted for such six-month period in determining whether a termination of employment shall be deemed to have occurred. 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. An Employee who is classified as an intermittent employee shall be deemed to have a termination of employment for purposes of the Plan. Notwithstanding anything in this Plan to the contrary, a termination of employment with respect to any Restricted Share Units that are required to meet the requirements of Section 409A of the Code and the regulations thereunder shall not be deemed to be a termination of employment for purposes of the Plan if it is anticipated that the level of bona fide services the Employee would perform after such date would continue at a rate equal to more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period of services to the Corporation or an Affiliate if the Employee has been providing such services less than 36 months).

- (c) Death or Total and Permanent Disability. In the event that more than six months after the date of grant the Employee's termination of employment is due to death or Total and Permanent Disability, it shall result in pro rata vesting, as determined by the Committee, and the number of shares that are considered to vest shall be prorated for the number of full months of employment during the Restricted Period prior to the Participant's termination of employment, and shall be paid within 90 days following the Participant's termination of employment.
  - (d) Shutdown or Divestiture. In the event that more than six months after the date of grant the Employee's termination of employment is due to the shutdown or divestiture of the Corporation's or its Affiliate's business it shall result in pro rata vesting, as determined by the Committee, and the number of shares that are considered to vest shall be determined at the end of the Restricted Period, prorated for the number of full years of employment during the Restricted Period prior to the Participant's termination of employment, and shall be paid within 90 days following the end of the Restricted Period.
  - (e) Qualified Termination of Employment. In the event of a Qualified Termination of Employment all restrictions will lapse and the shares will become fully vested and shall be paid within 10 days following the last day of employment of the Employee with the Corporation.
  - (f) Payment of Awards. The payment of the Award shall be made in shares of Common Stock. Except as may otherwise be provided in subparagraph 2(e), the payment of an Award shall be made within 70 days following the date of vesting of the Award under the previous subparagraphs.
  - (g) Payment of Withholding Taxes. No shares of Common Stock, nor any cash payment, may be delivered under this Award, unless prior to or simultaneously with such issuance, the Employee or, in the event of his death, the person succeeding to his rights hereunder, shall pay to the Corporation such amount as the Corporation advises is required under applicable federal, state or local laws to withhold and pay over to governmental taxing authorities by reason of the delivery of such shares of Common Stock and any cash payment pursuant to this Award. The Corporation may, in its discretion, withhold payment of required withholding taxes with cash or shares of Common Stock which otherwise would be delivered following the date of vesting of the Award under this paragraph 2.
3. Nontransferability. Neither the Award nor the Employee's right to receive payment for vested Awards may be assigned or transferred except upon the death of the Employee (i) by will, (ii) by the laws of descent and distribution or (iii) pursuant to a designation by

the Employee of a beneficiary or beneficiaries, provided that no such designation shall be effective unless filed with the Committee prior to the death of such Employee.

4. Compliance with Law. No payment may be made under this Award, unless prior to the issuance thereof, the Corporation shall have received an opinion of counsel to the effect that this Award by the Corporation to the Employee will not constitute a violation of the Securities Act of 1933, as amended. As a condition of this Award, the Employee shall, if requested by the Corporation, submit a written statement in form satisfactory to counsel for the Corporation, to the effect that any shares received under this Award shall be for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended, and the Corporation shall have the right, in its discretion, to cause the certificates representing shares hereunder to be appropriately legended to refer to such undertaking or to any legal restrictions imposed upon the transferability thereof by reason of such undertaking.

The Award granted hereby is subject to the condition that if the listing, registration or qualification of the shares subject hereto on any securities exchange or under any state or federal law, or if the consent or approval of any regulatory body shall be necessary as a condition of, or in connection with, the granting of the Award or the delivery of shares thereunder, such shares may not be delivered unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained. The Corporation agrees to use its best efforts to obtain any such requisite listing, registration, qualification, consent or approval.

The Employee is solely responsible for obtaining/providing whatever exchange control approvals, permits, licenses, or notices, which may be necessary for the Employee to hold the Award, or to receive any payment of cash or shares or to hold or sell the shares subject to the Award, if any. Neither Kimberly-Clark nor its Affiliates will be responsible for obtaining any such approvals, licenses or permits, or for making any such notices, nor will the Corporation nor its Affiliates be liable for any fines or penalties the Employee may incur for failure to obtain any required approvals, permits or licenses or to make any required notices.

5. No Right of Continued Employment. The granting of this Award does not confer upon the Employee any legal right to be continued in the employ of the Corporation or its Affiliates, and the Corporation and its Affiliates reserve the right to discharge the Employee whenever the interest of the Corporation or its Affiliates may so require without liability to the Corporation or 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 on the Employee under this Award.
6. Discretion of the Corporation, Board of Directors and the Committee. Any decision made or action taken by the Corporation or by the Board of Directors of the Corporation or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of this Award shall be within the absolute discretion of the Corporation, the Board of Directors of the Corporation or the Committee, as the case may be, and shall be conclusive and binding upon all persons.
7. Inalienability of Benefits and Interest. This Award and the rights and privileges conferred hereby shall not 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 the Employee.

8. Delaware Law to Govern. The Plan is governed by and subject to the laws of the United States of America. All questions pertaining to the construction, interpretation, regulation, validity and effect of the provisions of this Award and any rights under the Plan shall be determined in accordance with the laws of the State of Delaware.
9. Purchase of Common Stock. The Corporation and its Affiliates may, but shall not be required to, purchase shares of Common Stock of the Corporation for purposes of satisfying the requirements of this Award. 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 of the Corporation purchased for satisfying the requirements of this Award.
10. Notices. Any notice to be given to the Corporation under this Award shall be addressed to the Corporation in care of its Director of Compensation located at the World Headquarters, and any notice to be given to the Employee under the terms of this Award may be addressed to him at his address as it appears on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered and deposited, postage and registry fee prepaid, in a post office or branch post office regularly maintained by the United States Government.
11. Changes in Capitalization. In the event there are any changes in the common stock or the capitalization of the Corporation through a corporate transaction, such as any merger, any acquisition through the issuance of capital stock of the Corporation, any consolidation, any separation of the Corporation (including a spin-off or other distribution of stock of the Corporation), any reorganization of the Corporation (whether or not such reorganization comes within the definition of such term in section 368 of the Code), or any partial or complete liquidation by the Corporation, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes shall be made by the Committee in (a) the number of shares subject to this Award, and (b) such other provisions of this Award as may be necessary and equitable to carry out the foregoing purposes.
12. Effect on Other Plans. All benefits under this Award shall constitute special compensation and shall not affect the level of benefits provided to or received by the Employee (or the Employee's estate or beneficiaries) as part of any employee benefit plan of the Corporation or an Affiliate. This Award shall not be construed to affect in any way the Employee's rights and obligations under any other plan maintained by the Corporation or an Affiliate on behalf of employees.
13. Discretionary Nature of Award. The grant of an Award is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Future grants, if any, will be at the sole discretion of Kimberly-Clark, including, but not limited to, the timing of any grant, the number of Restricted Share Units and vesting provisions. The value of the Award is an

extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

14. Data Privacy. The Employee hereby authorizes their employer to furnish Kimberly-Clark (and any agent of Kimberly-Clark administering the Plan or providing Plan recordkeeping services) with such information and data as it shall request in order to facilitate the grant of Awards and administration of the Plan and the Employee waives any data privacy rights such Employee might otherwise have with respect to such information.
15. Conflict with Plan. This Award is awarded pursuant to and subject to the Plan. This Agreement is intended to supplement and carry out the terms of the Plan. It is subject to all terms and provisions of the Plan and, in the event of a conflict, the Plan shall prevail.
16. Successors. This Award shall be binding upon and inure to the benefit of any successor or successors of the Corporation.
17. Amendments. The Committee may at any time alter or amend this Award 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, and (3) permitted under applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended (including rule 16b-3 thereof).
18. Defined Terms. Terms which are capitalized are defined herein or in the Plan and have the same meaning set forth in the Plan, unless the context indicates otherwise.
19. For U.S. Employee's Only. A U.S. Employee who has not previously signed a noncompete agreement has until the end of the one hundred twenty (120) day period beginning from the date of grant of this Award to sign and return the Noncompete Agreement provided to such Employee. If the U.S. Employee does not sign and return the provided Noncompete Agreement on or before the end of such one hundred twenty (120) day period then the grant of the Award, as set forth in Section 1, shall not be binding on and shall be voidable by the Corporation, in which case it shall have no further force or effect.
20. Acceptance of Award terms and conditions. An Employee has until the end of the one hundred twenty (120) day period beginning from the date of grant of this Award to accept this Award Agreement. If the Employee does not accept this Award Agreement on or before the end of such one hundred twenty (120) day period then the grant of the Award, as set forth in Section 1, shall not be binding on and shall be voidable by the Corporation, in which case it shall have no further force or effect.

#### **Acknowledgment of Conditions**

I understand and acknowledge the following conditions with respect to the Award granted to me under Kimberly-Clark Corporation's 2001 Equity Participation Plan:

- The 2001 Equity Participation Plan (the "Plan") is discretionary in nature and Kimberly-Clark may cancel or terminate it at any time. The grant of an Award is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award in the future. Future grants, if any, will be at the sole discretion of Kimberly-Clark, including, but not limited to, the timing of any grant, the number of Awards, vesting provisions and the exercise price.
- My participation in the Plan is voluntary. The value of the Award is an extraordinary item of compensation outside the scope of my employment contract, if any. As such, the restricted share unit award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments and in no event shall be considered as compensation for, or relating in any way to, past services for Kimberly-Clark as my actual employer (the "Employer").
- The future value of the underlying shares is unknown and cannot be predicted with certainty. If the underlying shares do not increase in value, the Award will have no value.
- In consideration of the grant of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award, and no claim or entitlement to compensation or damages shall arise from any diminution in value of the RSUs or shares received upon vesting of RSUs resulting from termination of my employment by the Corporation or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and I irrevocably release the Corporation and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Award Agreement, I shall be deemed irrevocably to have waived any entitlement to pursue such claim.
- In the event of termination of my employment (whether or not in breach of local labor laws and except as otherwise explicitly provided in the Award Agreement of the Plan), my right to receive RSUs and vest under the Plan, if any, will terminate effective as of the date that I am no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when I am no longer actively employed for purposes of the Award.
- The Corporation is not providing any tax, legal or financial advice, nor is the Corporation making any recommendations regarding participation in the Plan. Further, I have been advised to consult with my own advisors regarding participation in the Plan before taking any action related to the Plan.
- Regardless of any action the Corporation or the Employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items legally due by me and remains my responsibility and that the Corporation and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the RSUs, the vesting of RSUs, the conversion of the RSUs into shares or the receipt of an equivalent cash payment, the subsequent sale of any



shares acquired at vesting and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Award to reduce or eliminate the my liability for Tax-Related Items.

- Prior to the relevant taxable event, I shall pay, or make adequate arrangements satisfactory to the Corporation or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard, I authorize the Corporation or the Employer to withhold all applicable Tax-Related Items legally payable by me from my wages or other cash compensation payable to me by the Corporation or the Employer or from any equivalent cash payment received pursuant to the RSUs. Alternatively, or in addition, if permissible under local law, the Corporation or the Employer may, in their sole discretion, (i) sell or arrange for the sale of shares to be issued pursuant to the RSUs to satisfy Tax-Related Items, and/or (ii) withhold in shares, provided that the Corporation and the Employer shall withhold only the amount of shares necessary to satisfy the minimum withholding amount or any such amount as described by the Corporation not to result in adverse accounting consequences. If the obligation for Tax-Related Items is satisfied by withholding in shares, I am deemed to have been issued the full number of shares subject to the Award, notwithstanding that a number of shares is held back solely for the purpose of paying Tax-Related Items. I shall pay to the Corporation or to the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold as a result of my receipt of RSUs, the vesting of PSUs, the receipt of an equivalent cash payment, or the conversion of vested RSUs to shares that cannot be satisfied by the means previously described. The Corporation may refuse to deliver shares to me if I fail to comply with my obligation in connection with the Tax-Related Items as described herein.
- ***I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this Award Agreement by and among, as applicable, my Employer, the Corporation, and its Affiliates for the exclusive purpose of implementing, administering and managing my participation in the Plan.***
- ***I understand that the Corporation and my Employer may hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of common stock or directorships held in the Corporation, details of all Awards or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country, or elsewhere, and that my country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the shares received upon vesting of the RSUs may be deposited. I understand that Data will be held only as long as is necessary to***

***implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand that refusal or withdrawal of consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.***

- My Award may not be assigned, sold, encumbered, or in any way transferred or alienated.
- The Plan is governed by and subject to U.S. law. Interpretation of the Plan and my rights under the Plan will be governed by provisions of U.S. law. For purposes of litigating any dispute that arises under this Award or Award Agreement, the parties submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the federal courts for the United States for the Northern District of Texas and no other courts.
- I understand that I am solely responsible for obtaining/providing whatever exchange control approvals, permits, licenses or notices, which may be necessary for my Award, to acquire the shares or to hold or sell the shares subject to the RSU award. Neither Kimberly-Clark nor its Affiliates will be responsible for obtaining such approvals, licenses or permits, or for making any such notices, nor will Kimberly-Clark or its Affiliates be liable for any fines or penalties I may incur for failure to obtain any required approvals, permits or licenses or to make any required notices.
- If one or more of the provisions of this Award Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan.
- If I have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.
- I recognize that the grant of this restricted share unit award is not an element of my normal or expected compensation and I acknowledge that I have no future rights to Awards under this or any other plans offered by Kimberly-Clark, including but not limited to, upon termination of the Plan or upon severance of my employment.

## **Conclusion and Acceptance**

IN WITNESS WHEREOF, the Corporation has caused this Award to be executed in its behalf by its Chairman of the Board of Directors and Chief Executive Officer as of the day and year first above written, which is the date of this Award.

KIMBERLY-CLARK CORPORATION

By:

Title: Chairman of the Board and  
Chief Executive Officer

I acknowledge receipt of a copy of the Plan and the Attachments to this Agreement, a copy of which was annexed hereto, and represent that I am familiar with the terms and provisions thereof. I hereby accept this Award subject to all the terms and provisions of the Plan and this Agreement including its Attachments (including any country-specific terms applicable to my grant). I hereby agree to accept as binding, conclusive, and final all decisions and interpretations of the Board of Directors and the Committee, upon any questions arising under the Plan. I acknowledge that I have no future rights to Award grants under this or any plans offered by the employer, including but not limited to, upon termination of the Plan or upon severance of my employment. As a condition of this Award, I authorize the Corporation to withhold and pay over to governmental taxing authorities in accordance with applicable federal, state or local laws any taxes required to be withheld as a result of this Award. I hereby authorize my employer to furnish Kimberly-Clark (and any agent administering the Plan or providing recordkeeping services) with such information and data as it shall request in order to facilitate the grant of Awards and enable administration of the Plan and I understand that such information shall be used only as long and to the extent necessary to administer my participation in the Plan. I agree that my participation in the Plan and the Awards granted to me under the Plan will be governed solely by provisions of U.S. law.

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EMPLOYEE

**KIMBERLY-CLARK CORPORATION  
TIME-VESTED RESTRICTED SHARE UNIT  
AWARD AGREEMENT**

**APPENDIX A**

This Appendix A includes additional terms and conditions that govern the Award granted to the Employee under the Plan if the Employee resides in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix A have the meanings set forth in the Plan and/or the Award Agreement.

**AUSTRALIA**

*Securities Law Notice*

If the Employee acquires shares of the Corporation's common stock pursuant to this Award and the Employee offers his or her shares of the Corporation's common stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. *The Employee should obtain legal advice on his or her disclosure obligations prior to making any such offer.*

*Award Payable Only in Shares*

Notwithstanding any discretion contained in the Plan, or any provision in the Award Agreement to the contrary, Awards granted to Employees in Australia shall be paid in shares of the Corporation's common stock only and do not provide any right for Employee to receive a cash payment.

**CANADA**

*Award Payable Only in Shares*

Notwithstanding any discretion contained in the Plan, or any provision in the Award Agreement to the contrary, Awards granted to Employees in Canada shall be paid in shares of the Corporation common stock only and do not provide any right for Employee to receive a cash payment.

*Language Consent*

The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

*Securities Law Notice*

The Employee is permitted to sell shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the shares are listed. The Corporation's shares are currently listed on New York Stock Exchange.

## CHINA

### *Exchange Control Notice*

Notwithstanding anything to the contrary in the Award Agreement, due to regulatory requirements in China, the Corporation reserves the right to force the Employee to immediately sell all of the shares upon vesting of the Award, upon notice to the Employee.

The Employee understands and agrees that due to exchange control laws in China, the Employee will be required to immediately repatriate the cash proceeds from the sale of shares to China. The Employee further understands that such repatriation of the cash proceeds may need to be effected through a special exchange control account established by the Corporation or a parent, subsidiary or Affiliate, and the Employee hereby consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Employee.

## INDIA

### *Fringe Benefit Tax*

By accepting this option and participating in the Plan, the Employee consents and agrees to assume any and all liability for fringe benefit tax that may be payable by the Employee or the Employer in connection with the Plan upon request of the Corporation and at the Corporation's sole discretion. The Employee understands that the grant of the Award and participation in the Plan is contingent upon his or her agreement to assume liability for fringe benefit tax payable on the shares of common stock acquired under the Plan if the Corporation so requests.

Further, by accepting this Award and participating in the Plan, the Employee agrees that the Corporation and/or the Employer may collect fringe benefit tax from the Employee by any of the means set forth in the *Acknowledgment of Conditions* section of the Award Agreement or any other reasonable method established by the Corporation. The Employee also agrees to execute any other consents or elections required to accomplish the foregoing, promptly upon request of the Corporation.

## ITALY

### *Data Privacy Notice and Consent.*

This provision replaces in its entirety the data privacy in the Award Agreement:

***The Employee hereby explicitly and unambiguously consents to the collection, use, processing and transfer, in electronic or other form, of his or her personal data as described in this section of this Appendix A by and among, as applicable, the Employer, the Corporation and any Affiliate for the exclusive purpose of implementing, administering, and managing the Employee's participation in the Plan.***

*The Employee understands that the Employer, the Corporation and any Affiliate hold certain personal information about him or her, including, but not limited to, the Employee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any shares of common stock or directorships held in the Corporation or any Affiliate, details of all Awards, or any other entitlement to shares of common stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor, for the exclusive purpose of implementing, managing and administering the Plan ("Data").*

*The Employee also understands that providing the Corporation with Data is necessary for the performance of the Plan and that his or her refusal to provide such Data would make it impossible for the Corporation to perform its contractual obligations and may affect the Employee's ability to participate in the Plan. The Controller of personal data processing is Kimberly-Clark Corporation with registered offices at 351 Phelps Drive, Irving, Texas 75038, United States of America, and, pursuant to Legislative Decree no. 196/2003, its representative in Italy is Kimberly-Clark s.r.l. at Via Della Rocca, 49, Torino, Italy.*

*The Employee understands that Data will not be publicized, but it may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. The Employee understands that Data may also be transferred to the Corporation's independent registered public accounting firm. The Employee further understand that the Corporation and/or any Affiliate will transfer Data among themselves as necessary for the purpose of implementing, administering and managing the Employee's participation in the Plan, and that the Corporation and/or any Affiliate may each further transfer Data to third parties assisting the Corporation in the implementation, administration, and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom the Employee may elect to deposit any shares of common stock acquired under the Plan. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing the Employee's participation in the Plan. The Employee understands that these recipients may be located in or outside the European Economic Area, such as in the United States or elsewhere. Should the Corporation exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.*

*The Employee understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.*

*The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require the Employee's consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration, and management of the Plan. The Employee*

***understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, he or she has the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing. Furthermore, the Employee is aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting the Employee's local human resources representative.***

#### *Plan Document Acknowledgment*

In accepting the grant of this option, the Employee acknowledges that he or she has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix A, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix A.

The Employee acknowledges that he or she has read and specifically and expressly approves the following sections of the Award Agreement: Section 2(6) on Payment of Withholding Taxes; Section 5 on No Right of Continued Employment; Section 8 on Delaware Law to Govern; the section on Acknowledgment of Conditions; and the Data Privacy Notice and Consent section included in this Appendix A.

## **MEXICO**

#### *Labor Law Policy and Acknowledgment*

In accepting the grant of this Award, the Employee expressly recognizes that Kimberly-Clark Corporation, with registered offices at 351 Phelps Drive, Irving, Texas 75038, United States of America, is solely responsible for the administration of the Plan and that the Employee's participation in the Plan and acquisition of shares of common stock do not constitute an employment relationship between the Employee and the Corporation since the Employee is participating in the Plan on a wholly commercial basis and his or her sole Employer is Kimberly-Clark de Mexico, S.A. de C.V. Based on the foregoing, the Employee expressly recognizes that the Plan and the benefits that he or she may derive from participating in the Plan do not establish any rights between the Employee and the Employer, Kimberly-Clark de Mexico, S.A. de C.V. and do not form part of the employment conditions and/or benefits provided by Kimberly-Clark de Mexico, S.A. de C.V., and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Employee's employment.

The Employee further understands that his or her participation in the Plan is as a result of a unilateral and discretionary decision of the Corporation; therefore, Kimberly-Clark Corporation reserves the absolute right to amend and/or discontinue the Employee's participation at any time without any liability to the Employee.

Finally, the Employee hereby declares that he or she does not reserve to him- or herself any action or right to bring any claim against Kimberly-Clark Corporation for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and the Employee therefore grants a full and broad release to the Corporation, its Affiliates, branches, representation offices, its shareholders, officers, agents, or legal representatives with respect to any claim that may arise.

*Al aceptar el otorgamiento de este Premio, el Empleado expresamente reconoce que Kimberly-Clark Corporation con oficinas registradas en 351 Phelps Drive, Irving, Texas 75038, U.S.A., es la única responsable por la administración del Plan y que la participación del Empleado en el Plan y en su caso la adquisición de las Opciones de Compra de Acciones o Acciones no constituyen ni podrán interpretarse como una relación de trabajo entre el Empleado y Kimberly-Clark Corporation, ya que el Empleado participa en el Plan en un marco totalmente comercial y su único Patrón lo es Kimberly-Clark de Mexico, S.A. de C.V., con domicilio en Kimberly-Clark de Mexico, S.A. de C.V. Mexico. Derivado de lo anterior, el Empleado expresamente reconoce que el Plan y los beneficios que pudieran derivar de la participación en el Plan no establecen derecho alguno entre el Empleado y el Patrón, Kimberly-Clark de Mexico, S.A. de C.V. y no forma parte de las condiciones de trabajo y/o las prestaciones otorgadas por Kimberly-Clark de Mexico, S.A. de C.V. y que cualquier modificación al Plan o su terminación no constituye un cambio o impedimento de los términos y condiciones de la relación de trabajo del Empleado.*

*Asimismo, el Empleado reconoce que su participación en el Plan es resultado de una decisión unilateral y discrecional de Kimberly-Clark Corporation por lo tanto, Kimberly-Clark Corporation se reserva el absoluto derecho de modificar y/o terminar la participación del Empleado en cualquier momento y sin responsabilidad alguna frente al Empleado.*

*Finalmente, el Empleado por este medio declara que no se reserva derecho o acción alguna que ejercitar en contra de Kimberly-Clark Corporation por cualquier compensación o daño en relación con las disposiciones del Plan o de los beneficios derivados del Plan y por lo tanto, el Empleado otorga el más amplio finiquito que en derecho proceda a Kimberly-Clark Corporation, sus afiliadas, subsidiarias, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales en relación con cualquier demanda que pudiera surgir.*

## **NEW ZEALAND**

### *Securities Law Notice*

The Employee will receive the following documents (in addition to this Appendix A) in connection with the Award from the Corporation:

1. an Award Agreement which sets forth the terms and conditions of the Award grant;
2. a copy of the Corporation's most recent annual report and most recent financial reports have been made available to enable the Employee to make informed decisions concerning the Award; and
3. a copy of the description of the Kimberly-Clark Corporation 2001 Equity Participation Plan ("Description") (i.e., the Corporation's Form S-8 Plan Prospectus under the U.S. Securities Act of 1933, as amended), and the Corporation will provide any attachments or documents incorporated by reference into the Description upon written request. The documents incorporated by reference into the Description are updated periodically. Should the Employee request copies of the documents incorporated by reference into the Description, the Corporation will provide the Employee with the most recent documents incorporated by



reference.

## **RUSSIA**

### *Securities Law Notice*

This Award Agreement, the Plan and all other materials the Employee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of shares of common stock under the Plan has not and will not be registered in Russia and hence the shares described in any Plan-related documents may not be offered or placed in public circulation in Russia.

Please note that, under the Russian law, the Employee is not permitted to sell the Corporation's shares directly to other Russian individuals and the Employee is not permitted to bring share certificates into Russia.

## **SOUTH AFRICA**

### *Tax Acknowledgment*

By accepting the Award, the Employee agrees to notify the Employer of the amount of any gain realized upon vesting of the Award. If the Employee fails to advise the Employer of the gain realized upon vesting, the Employee may be liable for a fine. The Employee will be responsible for paying any difference between the actual tax liability and the amount withheld.

## **SPAIN**

### *Labor Law Acknowledgment*

By accepting the Award, the Employee acknowledges that he or she understands and agrees to participation in the Plan and that he or she has received a copy of the Plan.

The Employee understands that the Corporation has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees of the Corporation or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Corporation or any of its Affiliates on an ongoing basis. Consequently, the Employee understands that any grant is given on the assumption and condition that it shall not become a part of any employment contract (either with the Corporation or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, the Employee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the Award and the underlying shares is unknown and unpredictable. In addition, the Employee understands that this grant would not be made but for the assumptions and conditions referred to above; thus, the Employee understands, acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the Award shall be null and void.

## **UNITED KINGDOM**

### *Tax Acknowledgment*

The following information supplements the information regarding Tax-Related Items in the Acknowledgment of Conditions section of the Award Agreement:

If payment or withholding of the income tax due is not made within 90 days of the event giving rise to the Tax-Related Items or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected Tax-Related Items shall constitute a loan owed by the Employee to the Employer, effective on the Due Date. The Employee agrees that the loan will bear interest at the then-current Her Majesty's Revenue and Customs ("HMRC") official rate; it will be immediately due and repayable. Notwithstanding the foregoing, if the Employee is an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), the terms of this provision will not apply to the Employee. In the event that the Employee is an officer or director, as defined above, and Tax-Related Items are not collected from or paid by the Employee by the Due Date, the amount of any uncollected Tax-Related Items may constitute a benefit to the Employee on which additional income tax and National Insurance Contributions may be payable. The Employee acknowledges the Corporation or the Employer may recover it at any time thereafter by any of the means referred to in the Award Agreement. The Employee authorizes the Corporation to withhold the transfer of any shares unless and until the loan is repaid in full.

### **VIETNAM**

#### *Exchange Control Notice*

Notwithstanding anything to the contrary in the Award Agreement, due to regulatory requirements in Vietnam, the Corporation reserves the right to force the Employee to immediately sell all of the shares upon vesting of the Award, upon notice to the Employee.

The Employee understands and agrees that due to exchange control laws in Vietnam, the Employee will be required to immediately repatriate the cash proceeds from the sale of shares to Vietnam. The Employee further understand that such repatriation of the cash proceeds may need to be effected through a special exchange control account established by the Corporation or a parent, subsidiary or Affiliate, and the Employee hereby consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Employee.



August 29, 2006

Tony Palmer  
Mulberry House  
59 Heybridge Lane  
Prestbury, Macclesfield  
SK10 4ER UK

Dear Tony:

This letter confirms the offer made to you to work for Kimberly-Clark Corporation. Your initial assignment will be as Chief Marketing Officer reporting to Tom Falk, Chief Executive Officer and Chairman of the Board. Your start date with Kimberly-Clark will be October 2, 2006.

**Base Salary**

Your starting salary for this position will be \$450,000 per year.

**Annual Incentive**

You will be eligible to participate in Kimberly-Clark's annual incentive plan for management. Your target will be 80% of base salary. Actual payout can range from 0% to 240% of your target.

For 2006, you will receive a non-prorated guaranteed bonus of \$438,000 (paid during the first quarter of 2007). This means that in 2006, your bonus will not fluctuate with performance as it will in future years.

**Signing Bonus**

You will receive a signing bonus of 29,000 restricted stock units ("RSUs") and \$200,000 in stock options. These RSUs and options will be granted at our next regular grant, currently scheduled to be October 10, 2006. At the time of grant, and as a condition of receiving this grant, you will be required to sign a Noncompetition and Confidentiality Agreement.

The RSU units will vest 20,000 on the first anniversary of the grant, 5,000 on the second anniversary, and 4,000 on the third anniversary. Any dividends declared during the vesting period will be re-invested in additional RSUs.

The number of stock options granted will be determined by dividing \$200,000 by 25% of the closing price of Kimberly-Clark's stock on the date of grant, rounded to the nearest whole number of units. These stock options will vest 30%, 30%, 40% over three years commencing with the first anniversary following the date of grant.

**Long-Term Incentives**

You will be eligible for annual long-term incentive grants consistent with your level and performance. Your first grant will be made in April 2007. This grant will have a total economic value

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of \$1,000,000, granted 1/3 in stock options, 1/3 in time vested restricted stock and 1/3 in performance vested restricted stock.

### **Benefits and Vacation**

As an employee of Kimberly-Clark, you will be eligible for a comprehensive hospitalization, medical and major medical insurance program; group life, dental, and accident insurance; an educational opportunities plan; incentive investment plan; paid vacation and holidays, and various other benefits. Upon acceptance of this offer, you will be provided booklets explaining the terms and conditions of these benefit plans. In addition to the summary of benefits provided to you previously, enclosed is additional information on the Incentive Investment Plan and Retirement Contribution Plan and a projection of benefits.

You will be extended an executive severance agreement (change-in-control) pursuant to the Company's Executive Severance Plan subject to approval by the Management Development and Compensation Committee of the Board at its next meeting. This plan provides certain benefits to you upon a change in control and subsequent loss of your employment. A summary of the key benefits is enclosed.

You will receive 4 weeks of vacation. In addition, our current policy permits the purchase of five days of additional vacation per year. Unused vacation will be forfeited at the end of the year and not paid out in cash.

### **Relocation**

Kimberly-Clark, in its discretion, will relocate you to Roswell, GA or Dallas, TX pursuant to the terms of the Kimberly-Clark Relocation Program for Experienced New Hires. Location will be determined at a later date. K-C's relocation services are provided by Cendant Mobility. Additional information is available on-line at <http://pretransfer.cendantmobility.com>. A Cendant Mobility representative will contact you after they have been notified that you have successfully completed your drug screen and background check.

### **Severance Protection**

If your employment is involuntarily terminated by Kimberly-Clark, or by you for Good Reason, during the first 5 years of your employment for any reason other than for cause, we will pay you a lump sum severance amount equal to the sum of one year's base salary plus target bonus. The Severance Benefit shall be calculated using your annual base salary and target bonus percentage. This Severance Benefit will be made on the first day of the seventh month following the date of your separation from service.

In addition, any of the unvested Restricted Stock units mentioned in the signing bonus section of the offer letter will vest and be paid, in stock, in conjunction with your Severance Benefit. If your termination is after the end of the calendar year and before payment of the prior year's bonus, you also will receive any accrued but unpaid prior year MAAP bonus.

"Cause," for purposes of this letter, is defined as follows: (1) habitual neglect of duty or misconduct in discharging your duties, (2) excessive, unexcused and statutorily unprotected absenteeism, (3) failure or refusal to comply with any lawful K-C rule or policy, including those rules set forth in the K-C Code of Conduct, provided such rule or policy is meaningful and substantive or such failure or refusal to comply detrimentally harms K-C's business, (4) engaging in disloyal, dishonest or illegal conduct relating to K-C's business, (5) engaging in theft, fraud, embezzlement or other criminal activity involving the parties' employment

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relationship or (6) otherwise engaging in improper conduct which K-C reasonably determines to be meaningfully detrimental to its business.

No termination for "cause" hereunder shall be effective until the Company first has provided to you in writing a statement setting forth in specific detail the basis for a cause termination hereunder.

"Good Reason," for purposes of this letter, is defined as follows: (1) a material reduction in your title or responsibilities that would ordinarily result in a reduction in pay, or (2) a failure by K-C to make a payment or grant to you as provided for in this letter; provided that, in all cases described above, you must give K-C notice within 30 days of such reduction or failure by K-C and K-C must not cure such reduction of failure within 30 days after your written notice, and you must terminate employment within 30 days of your notice. To receive the Severance Benefit, you will be required to execute the Corporation's standard release agreement. The Severance Benefit shall be paid in lieu of the benefit which you would be entitled to under the Kimberly-Clark Corporation Global Business Plan Severance Pay Plan, the Kimberly-Clark Corporation Severance Pay Plan or any other severance program then offered by K-C to its senior level executives which would have otherwise been payable by its terms (the "Severance Plan"). Notwithstanding the foregoing, in the event that the benefit you would otherwise be entitled to receive under the Severance Plan is greater than the Severance Benefit, to the extent you remain eligible to participate in the Severance Plan, the receipt of such benefit under the Severance Plan shall be lieu of receipt of the Severance Benefit.

#### **Stock Ownership Guidelines**

The company has adopted stock ownership guidelines requiring an officer at your level to have ownership in company stock equal to 3 times base salary. An executive is permitted three years to reach this goal and time-based restricted stock or RSUs are included for purposes of the calculation. Based on our current long-term incentive program, we would expect you to be at or near the required ownership level within that timeframe. If at the end of 2008, you are not in compliance with guidelines; Tom Falk shall provide you with a period of time not to exceed 24 months to achieve compliance. A failure to be in compliance can result in a decreased long-term incentive grant.

#### **Conditions of this Offer**

This offer is subject to the completion of the attached Preplacement Health History Form, to ensure that you are physically capable of carrying out the essential duties of your position. Of course, if you choose to make us aware that you have a disability under the Americans with Disabilities Act, we would evaluate whether that disability could reasonably be accommodated in regard to those essential job functions. Please follow the instructions provided with the form to begin this process.

This offer is also subject to verification that you have the legal right to work in the United States as required by the Immigration Reform and Control Act of 1986. Enclosed is a copy of Government Form I-9 which must be completed within three days of your start date. In addition, you will be required to present certain documentation, as listed in part two of this form, as part of the required verification process.

Kimberly-Clark takes great steps to protect from disclosure its confidential and trade secret information. In accordance with our policies, we expect that as an employee, you will protect any confidential or trade secret information you learn during your employment. In particular, this protection will require that you sign the Confidentiality, Nonsolicitation and Assignment of

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Business Ideas Agreement ("Agreement") as a condition of your employment. The Agreement is required of all new hires at Kimberly-Clark.

Because your position may involve access to confidential business information, the Company will perform a pre-placement background investigation. Our offer of employment is contingent upon the results of this background investigation. United States Public Law 104-208 requires we advise you "that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living" may be made. Upon written request, additional information as to the nature and scope of the report will be provided. In order to begin the process, please complete and return to Jenny Rosas the enclosed forms.

As is usual, the employment relationship can be ended by you or Kimberly-Clark for any reason upon appropriate notice.

**Attachments**

The following documents have been attached to your offer letter. Please keep in mind that the documents are general overviews and will not capture your particular goals or objectives.

1. Overview of K-C's change-in-control plan provisions
2. Overview of K-C's retirement plans
3. Booklet describing K-C's annual incentive plan
4. Booklet describing K-C's Long-term incentives

Sincerely,

/s/ Bruce Cameron

R. Bruce Cameron  
Director, Compensation  
Attachments

cc: Liz Gottung  
Lesley Hoare  
Jenny Rosas

Please indicate your acceptance of our offer by signing your name on the line below, and returning the signed letter to Jenny Rosas in the Compensation/HR Department.

/s/ Tony Palmer

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## CERTIFICATIONS

I, Thomas J. Falk, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kimberly-Clark Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2008

/s/ Thomas J. Falk  
Thomas J. Falk  
Chief Executive Officer

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**CERTIFICATIONS**

I, Mark A. Buthman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kimberly-Clark Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2008

/s/ Mark A. Buthman  
Mark A. Buthman  
Chief Financial Officer



**Certification of Chief Executive Officer**  
**Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code**

I, Thomas J. Falk, Chief Executive Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

- (1) the Form 10-Q, filed with the Securities and Exchange Commission on May 9, 2008 ("accompanied report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Thomas J. Falk  
Thomas J. Falk  
Chief Executive Officer

May 9, 2008

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**Certification of Chief Financial Officer**  
**Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code**

I, Mark A. Buthman, Chief Financial Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

- (1) the Form 10-Q, filed with the Securities and Exchange Commission on May 9, 2008 ("accompanied report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Mark A. Buthman \_\_\_\_\_  
Mark A. Buthman  
Chief Financial Officer

May 9, 2008