

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

☐ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended _____

OR

☒ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from April 1, 1993 to December 31, 1993

Commission file number 1-225

A. Full title of the Plans and the address of the Plans, if
different from that of the issuer named below:

Kimberly-Clark Corporation Salaried
Employees Incentive Investment Plan

Kimberly-Clark Corporation Hourly
Employees Incentive Investment Plan

401 North Lake Street
Neenah, Wisconsin 54956

B. Name of issuer of the securities held pursuant to the Plans
and the address of its principal executive offices:

Kimberly-Clark Corporation
P. O. Box 619100
Dallas, Texas 75261-9100

1. Financial Statements and Schedules

The financial statements and supplemental schedules for each of the Plans have been prepared in accordance with the Employee Retirement Income Security Act of 1974, and are filed as Exhibits 99.1 and 99.2 hereto and incorporated by reference herein. Pursuant to General Instruction E of Form 11-K, such financial statements and schedules have been filed in paper under cover of Form SE.

2. Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan

The Independent Auditor's Report with respect to the financial statements and supplemental schedules of the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan is set forth in such financial statements and supplemental schedules filed as Exhibit 99.1 hereto and incorporated by reference herein.

3. Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan

The Independent Auditor's Report with respect to the financial statements and supplemental schedules of the Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan is set forth in such financial statements and supplemental schedules filed as Exhibit 99.2 hereto and incorporated by reference herein.

4. Exhibits

10.1 Kimberly-Clark Corporation Salaried Employees Incentive
Investment Plan, as amended through May 24, 1994.

10.2 Kimberly-Clark Corporation Hourly Employees Incentive
Investment Plan, as amended through May 24, 1994.

23 Consent of Deloitte & Touche, Independent Auditors.

99.1 Kimberly-Clark Corporation Salaried Employees Incentive

Investment Plan Financial Statements and Supplemental Schedules. Pursuant to General Instruction E of Form 11-K, such financial statements and supplemental schedules have been filed in paper under cover of Form SE.

99.2

Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Financial Statements and Supplemental Schedules. Pursuant to General Instruction E of Form 11-K, such financial statements and supplemental schedules have been filed in paper under cover of Form SE.

SIGNATURES

The Plans. Pursuant to the requirements of the Securities Exchange Act of 1934, Kimberly-Clark Corporation, as Plan Administrator of the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan and the Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan, has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KIMBERLY-CLARK CORPORATION
SALARIED EMPLOYEES INCENTIVE
INVESTMENT PLAN and
KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE
INVESTMENT PLAN

Date: June 15, 1994

By: Kimberly-Clark Corporation
Plan Administrator

/s/ Bruce J. Olson

By: Bruce J. Olson
Vice President - Corporate
Services

EXHIBIT INDEX

| Exhibit | Description |
|---------|---|
| 10.1 | Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan, as amended through May 24, 1994 (Attached hereto) |
| 10.2 | Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan, as amended through May 24, 1994 (Attached hereto) |
| 23 | Consent of Deloitte & Touche, Independent Auditors (Attached hereto) |
| 99.1 | Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan Financial Statements and Supplemental Schedules (Previously filed on Form SE) |
| 99.2 | Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Financial Statements and Supplemental Schedules (Previously filed on Form SE) |

KIMBERLY-CLARK CORPORATION SALARIED
EMPLOYEES INCENTIVE INVESTMENT PLAN

(As amended through May 24, 1994)

ARTICLE I

NAME, PURPOSE AND EFFECTIVE DATE OF PLAN

This Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan (the "Plan") has been adopted effective August 1, 1967. Its purpose is to promote the interests of the Corporation and its stockholders by encouraging Eligible Employees to arrange for personal investment programs which, depending upon the success of the Corporation, will be augmented by Company Matching Contributions. It provides each Eligible Employee with an opportunity to become a stockholder of the Corporation. To comply with the applicable requirements of the Tax Reform Act of 1986, the Plan has been restated in its entirety effective March 31, 1993, except as otherwise provided in Section 11.12 hereof. [The following sentence is effective September 1, 1994:] The Plan is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(1) of the Code.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
 - (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions (including amounts recharacterized as Basic After-Tax Contributions

under subsection 3.5(b)(iii)), and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year (but only to the extent that such Contributions and Company Matching Contributions are not considered for purposes of Section 2.1(c) hereof), together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to

- (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Actual Deferral Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year, shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of 401(k) Contributions remitted to the Trustee on behalf of each such Eligible Employee for such Plan Year (and, to the extent determined appropriate by the Committee, such other Contributions and Company Matching Contributions as

may be used to determine the actual deferral percentage under Code section 401(k) and regulations thereunder), to

- (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the 401(k) Contributions and Total Compensation of such Highly Compensated Eligible Employee shall include the 401(k) Contributions and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (d) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (e) Base Salary Rate: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of regular earnings while a Participant. Base Salary Rate shall be determined before 401(k) Contributions pursuant to subsection 3.2(a), and any elective salary reduction contributions pursuant to Code Section 125, are

deducted. With respect to any Eligible Employee on a foreign assignment, such Eligible Employee's Base Salary Rate shall disregard any adjustment which is made to such Eligible Employee's salary as a result of such foreign assignment. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Salary Rate under the Plan shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (f) Basic After-Tax Contributions: 401(k) Contributions in excess of the limitation under subsection 3.5(a)(i) which are recharacterized under subsection 3.5(b)(iii), Special Basic-After Tax Contributions, and any other employee contributions, as defined in Code section 401(m) and the regulations thereunder on account of which a Company Matching Contribution was made to this

Plan on behalf of the Participant, excluding any such employee contributions contributed prior to April 1, 1990, made on behalf of a Participant who was employed prior to April 1, 1989.

- (g) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation, or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (h) Board: The Board of Directors of the Corporation.
- (i) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (j) Commissioner: The Commissioner of the Internal Revenue Service.
- (k) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (l) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (m) Contributions: Amounts deposited under the Plan by or on behalf of Participants as provided in Article III.
- (n) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (o) Corporation Stock: The common stock of the Corporation.
- (p) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (q) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the

date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period

of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.

- (r) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (s) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(s)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief

duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (t) Employee: A person employed by an Employer.
- (u) Employee Accounts: Those Accounts specified in subsections (v), (w), (x) and (y) of this Section 2.1.
- (v) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (w) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (x) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (y) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (z) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (aa) Employer Accounts: Those Accounts specified in subsections (bb), (cc), (dd) and (ee) of this Section 2.1.
- (bb) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (cc) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (dd) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (ee) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ff) Entry Date: The first day of each month.
- (gg) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (hh) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.

- (ii) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) 401(k) Contributions: Contributions made by Employers on behalf of Participants under subsection 3.2(a) on or after April 1, 1983 that are considered deferred within the meaning of Code section 401(k) and regulations thereunder.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).
- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall

also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a

period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.
- (pp) Lump Sum Distribution: As defined in subsection 7.3(a).
- (qq) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (rr) Matured Withdrawal Year: As defined in Section 8.2.
- (ss) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation

period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

- (tt) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive

Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

- (uu) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

- (vv) Optional Annuity Distribution: As defined in subsection 7.3(c).

- (ww) Optional Installment Distribution: As defined in subsection 7.3(d).

- (xx) Participant: An Eligible Employee who has validly elected to participate under Section 3.1. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

- (yy) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated are shown in Appendix A.

- (zz) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

(i) August 1, 1967 to July 31, 1968

(ii) August 1, 1968 to July 31, 1969

(iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (aaa) Regular Basic After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.5(a)(ii).

- (bbb) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (ccc) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (ddd) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in subsection 8.6(a) for purposes of Article VIII.
- (eee) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g., disability, leave of absence, or layoff, etc.)
- (fff) Special Basic After-Tax Contributions: After-tax Contributions which are made under subsection 3.5(b)(iii).
- (ggg) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (hhh) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (iii) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (jjj) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (kkk) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant,

and

- (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (lll) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (mmm) Trust: The Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (nnn) Trustee: The trustee under the Trust.
- (ooo) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan, and any Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, contributed prior to April 1, 1990, on account of which a Company Matching Contribution was made to this Plan on behalf of a Participant who was employed prior to April 1, 1989.
- (ppp) Valuation Date: The last day of each month.
- (qqq) Withdrawal Year: As defined in Section 8.1.
- (rrr) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such

Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

The following replaces section 2.1 effective September 1, 1994:]

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
 - (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions (including amounts recharacterized as Basic After-Tax Contributions under subsection 3.5(b)(iii)), and Company Matching

Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year (but only to the extent that such Contributions and Company Matching Contributions are not considered for purposes of Section 2.1(c) hereof), together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to

- (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Actual Deferral Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year, shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of

- (i) the amount of 401(k) Contributions remitted to the Trustee on behalf of each such Eligible Employee for such Plan Year (and, to the extent determined

appropriate by the Committee, such other Contributions and Company Matching Contributions as may be used to determine the actual deferral percentage under Code section 401(k) and regulations thereunder), to

- (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the 401(k) Contributions and Total Compensation of such Highly Compensated Eligible Employee shall include the 401(k) Contributions and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (d) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (e) All Cash Distribution: As defined in subsection 7.3(c).
- (f) All Stock Distribution: As defined in subsection 7.3(a).
- (g) Base Salary Rate: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of regular earnings

while a Participant. Base Salary Rate shall be determined before 401(k) Contributions pursuant to subsection 3.2(a), and any elective salary reduction contributions pursuant to Code Section 125, are deducted. With respect to any Eligible Employee on a foreign assignment, such Eligible Employee's Base Salary Rate shall disregard any adjustment which is made to such Eligible Employee's salary as a result of such foreign assignment. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Salary Rate under the Plan shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (h) Basic After-Tax Contributions: 401(k) Contributions in excess of the limitation under subsection 3.5(a)(i) which are recharacterized under subsection 3.5(b)(iii), Special Basic-After Tax Contributions, and any other employee contributions, as defined in Code Section 401(m) and the regulations thereunder on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant, excluding any such employee contributions contributed prior to April 1, 1990, made on behalf of a Participant who was employed prior to April 1, 1989.
- (i) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation, or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (j) Board: The Board of Directors of the Corporation.
- (k) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (l) Commissioner: The Commissioner of the Internal Revenue Service.
- (m) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (n) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (o) Contributions: Amounts deposited under the Plan by or on behalf of Participants as provided in Article III.
- (p) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (q) Corporation Stock: The common stock of the Corporation.
- (r) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a

consistent basis.

- (s) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (t) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (u) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code

section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is

not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (v) Employee: A person employed by an Employer.
- (w) Employee Accounts: Those Accounts specified in subsections (x), (y), (z) and (aa) of this Section 2.1.
- (x) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (y) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (z) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (aa) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (bb) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (cc) Employer Accounts: Those Accounts specified in subsections (dd), (ee), (ff) and (gg) of this Section 2.1.
- (dd) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (ee) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ff) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (gg) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (hh) Entry Date: The first day of each month.
- (ii) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.

- (jj) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (kk) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) 401(k) Contributions: Contributions made by Employers on behalf of Participants under subsection 3.2(a) on or after April 1, 1983 that are considered deferred within the meaning of Code section 401(k) and regulations thereunder.
- (mm) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (nn) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (oo) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (pp) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in

no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (qq) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (rr) Matured Withdrawal Year: As defined in Section 8.2.
- (ss) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(tt) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(uu) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(vv) Optional Annuity Distribution: As defined in subsection 7.3(c).

[Section 2.1(vv) amended as follows effective January 1, 1995:]
(vv) Reserved.

(ww) Optional Installment Distribution: As defined in subsection 7.3(d).

[Section 2.1(ww) amended as follows effective January 1, 1995:]
(ww) Reserved.

(xx) Participant: An Eligible Employee who has validly elected to participate under Section 3.1. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(yy) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated are shown in Appendix A.

(zz) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968
- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (aaa) Regular Basic After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.5(a)(ii).
- (bbb) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (ccc) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (ddd) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in subsection 8.6(a) for purposes of Article VIII.
- (eee) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g., disability, leave of absence, or layoff, etc.)
- (fff) Special Basic After-Tax Contributions: After-tax Contributions which are made under subsection 3.5(b)(ii).
- (ggg) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (hhh) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (iii) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (jjj) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (kkk) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed

at such places and at such reasonable times as shall be established by Committee rules.

- (lll) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service

- (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
- (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (mmm) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (nnn) Trust: The Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (ooo) Trustee: The trustee under the Trust.
- (ppp) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan, and any Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, contributed prior to April 1, 1990, on account of which a Company Matching Contribution was made to this Plan on behalf of a Participant who was employed prior to April 1, 1989.
- (qqq) Valuation Date: The last day of each month.
- (rrr) Withdrawal Year: As defined in Section 8.1.
- (sss) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE III

PARTICIPATION, CONTRIBUTIONS, AND ALLOCATIONS

3.1 Election to Participate. An Eligible Employee's election to participate in the Plan shall, if given on Timely Notice,

- (i) be effective as of the first Entry Date following his election, and
- (ii) remain in effect as a valid election to participate for each successive Plan Year.

An election to participate by an Eligible Employee who, immediately prior to becoming an Eligible Employee, was a participant under the Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan shall be effective as soon as administratively feasible upon exercising his election.

3.2 Amount of Contributions by and on behalf of Participants.

- (a) 401(k) Contributions. During each Plan Year, 401(k) Contributions shall be made on behalf of a Participant by his Employer for deposit to his Account in an amount
 - (i) which is elected by him on Timely Notice, and
 - (ii) which, pursuant to his election, is either 2%, 3%, 4%, 5% or 6% of his Base Salary Rate.

401(k) Contributions shall be deducted from a Participant's compensation. An election under this subsection shall remain in effect for so long as a Participant is eligible to make 401(k) Contributions or, if earlier, until changed by a Participant. On Timely Notice, a Participant may change his election effective as of the first day of any month.

[The following replaces section 3.2(a) effective January 1, 1995:]

- (a) 401(k) Contributions. During each Plan Year, 401(k) Contributions shall be made on behalf of a Participant by his Employer for deposit to his Account in an amount
 - (i) which is elected by him on Timely Notice, and
 - (ii) which, pursuant to his election, is either 1%, 2%, 3%, 4%, 5% or 6% of his Base Salary Rate.

401(k) Contributions shall be deducted from a Participant's compensation. An election under this subsection shall remain in effect for so long as a

Participant is eligible to make 401(k) Contributions or, if earlier, until changed by a Participant. On Timely Notice, a Participant may change his election effective as of the first day of any month.

- (b) Regular Unrestricted After-Tax Contributions.
 - (i) A Participant may elect on Timely Notice to make Regular Unrestricted After-Tax Contributions to his Account in any whole percentage equal to an amount which is not less than 2% of his Base Salary Rate and not more than 10% of his Base Salary Rate.
 - (ii) An election to make Regular Unrestricted After-Tax Contributions by regular payroll deduction shall remain in effect for so long as a Participant is eligible to make Regular Unrestricted After-Tax Contributions or, if earlier, until changed by a Participant. A Participant may change such election on Timely Notice effective as of the first day of any month.
 - (iii) Regular Unrestricted After-Tax Contributions will not be taken into account in determining the amount of Company Matching Contributions made on behalf of Participants.
- (c) Special Unrestricted After-Tax Contributions. Once each Plan Year a Participant may elect to make a Special Unrestricted After-Tax Contribution in excess of the amount elected under subsection 3.2(b)(i) in an amount
 - (i) which is elected by him on Timely Notice,
 - (ii) which, in the case of a Special Unrestricted After-Tax Contribution, when added to the total of the Regular Unrestricted After-Tax Contributions made by the Participant to date in the Plan Year, would not exceed 10% of his Base Salary Rate for those periods to date in such Plan Year during which 401(k) Contributions, Regular Basic After-Tax Contributions or Regular Unrestricted After-Tax Contributions have been made;
 - (iii) which shall only be made in cash; and
 - (iv) which, in the case of Special Unrestricted After-Tax Contributions, will not be taken into account in determining the amount of Company Matching Contributions made on behalf of the Participant.

3.3 General Limitation. Notwithstanding any other provision of this Article III, no Contribution shall be made to the Plan

which would cause the Plan to fail to meet the requirements for exemption from tax or to violate any provisions of the Code.

3.4 Allocation of Contributions by and on behalf of Participants.

401(k) Contributions and Unrestricted After-Tax Contributions. On Timely Notice, a Participant shall elect to allocate in whole multiples of 1% all of the 401(k) Contributions and Unrestricted After-Tax Contributions to be made on his behalf during a Plan Year to one or more of

- (i) the Government Fund,
- (ii) the Diversified Fund,
- (iii) the Fixed Income Fund, or
- (iv) the K-C Stock Fund.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice, a Participant may change his election effective as of the first day of any month.

3.5 Limitations on 401(k) Contributions.

(a) Overall Limitation.

- (i) Notwithstanding any provision of the Plan to the contrary, 401(k) Contributions made on behalf of a Participant by his Employer for deposit to his Account shall not exceed \$7,000 (or such greater amount as permitted under applicable regulations to reflect cost-of-living increases) in any taxable year of the Participant.
- (ii) 401(k) Contributions made in excess of the amount permitted in (a)(i) of this Section (or, if less, their Current Market Value on the date of the deposit thereof pursuant to this subsection) shall be deposited to the Participant's Account as a Basic After-Tax Contribution by such Participant.
- (iii) Basic After-Tax Contributions deposited to a Participant's Account pursuant to (ii) above or subsection 3.2(c) will be allocated to the Plan funds in the same manner as 401(k) Contributions made on behalf of the Participant.

(b) Limitations on Actual Deferral Percentage.

- (i) In any Plan Year in which the Actual Deferral Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of

(A) the Actual Deferral Percentage of all other Eligible Employees multiplied by 1.25, or

(B) the lesser of (I) 2 percent plus the Actual Deferral Percentage of all other Eligible

Employees or (II) the Actual Deferral Percentage of all other Eligible Employees multiplied by 2.0,

the deferral rate under subsection 3.2(a) of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order by rate of deferral elected until the Actual Deferral Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

(ii) In order to prevent the multiple use of the alternative limitations described in subsections 3.5(b)(i)(B) and 4.4(a)(i)(B), the following provisions shall apply. If the Actual Deferral Percentage test in subsection 3.5(b)(i) is satisfied using subsection 3.5(b)(i)(B), the Actual Contribution Percentage test in subsection 4.4(a)(i) is satisfied using subsection 4.4(a)(i)(B), and the combined Actual Deferral Percentage and Actual Contribution Percentage exceeds the greater of:

- (A) the sum of: (I) the greater of the Actual Deferral Percentage or the Actual Contribution Percentage for Eligible Employees other than Highly Compensated Eligible Employees multiplied by 1.25, and (II) 2 percent plus the lesser of the Actual Deferral Percentage or the Actual Contribution Percentage for Eligible Employees other than Highly Compensated Eligible Employees (but not more than the lesser of the Actual Deferral Percentage or Actual Contribution Percentage for Eligible Employees other than Highly Compensated Eligible Employees multiplied by 2.0), or
- (B) the sum of: (I) the lesser of the Actual Deferral Percentage or the Actual Contribution Percentage for Eligible Employees other than Highly Compensated Eligible Employees multiplied by 1.25, and (II) 2 percent plus

the greater of the Actual Deferral Percentage or the Actual Contribution Percentage for Eligible Employees other than Highly Compensated Eligible Employees (but not more than the greater of the Actual Deferral Percentage or Actual Contribution Percentage for Eligible Employees other than Highly Compensated Eligible Employees multiplied by 2.0),

then the deferral rate under subsection 3.2(a) of those Highly Compensated Eligible Employees shall be reduced in accordance with subsection 3.5(b)(i) or the contribution rate of those Highly Compensated Eligible Employees shall be reduced in accordance with subsection 4.4(a)(i), or both as determined by the Committee, so that there is no multiple use of the alternative limitation, as described in regulations under Code section 401(m). In lieu of the reduction described above, the

Employer may make qualified nonelective contributions (pursuant to the regulations under Code sections 401(k) and 401(m)) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees.

Any excess contribution resulting from the required reduction described above shall be corrected in accordance with subsection 3.5(b)(iii). Any such excess aggregate contribution resulting from required reduction shall be corrected in accordance with subsection 4.4(a)(iii).

- (iii) 401(k) Contributions actually made in excess of the amount permitted under (b)(i) of this Section shall be recharacterized as Basic After-Tax Contributions. Such Contributions (or, if less, their Current Market Value on the date of the deposit thereof pursuant to this subsection) shall be deposited to the Participant's Account as a Basic After-Tax Contribution by such Participant.

- (c) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of 401(k) Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 3.5(b) above.

- 3.6 Suspension of All Contributions. On Timely Notice and notwithstanding the provisions of Section 3.2, a Participant may elect to suspend, effective reasonably soon after such notice is given as established by Committee rule, all of his Contributions. On Timely Notice a Participant may elect to resume Contributions as of any Entry Date, provided, however,

that any such suspension must be for a period of not less than three months.

A Participant's Contributions shall be automatically suspended commencing with and continuing throughout any period during which he fails to qualify as an Eligible Employee. On Timely Notice upon requalifying as an Eligible Employee a Participant may elect to make Contributions to his Accounts as soon as administratively feasible.

- 3.7 Payment of Contributions to Trustee. The Employers shall contribute or remit to the Trustee as soon as practicable after the end of each month the amounts deducted or withheld from the Participants' compensation during the month as Contributions under the Plan.
- 3.8 Reallocation of Participant's Accounts. A Participant who has remained a Participant for at least three months may on Timely Notice elect to reallocate, effective as of the first Valuation Date following his election, all or any whole percentage portion of any of his Employee Accounts or Employer Accounts or both, provided he has not elected a reallocation within the preceding three months; provided, however, that a three month period that begins at the end of a Plan Year shall not be more than ninety (90) days.
- 3.9 Redeposits and Restored Amounts.

- (a) Notwithstanding any provision in this Plan to the contrary, on Timely Notice, an Employee who has forfeited all or a portion of his Employer Accounts, other than as a result of a distribution from the 401(k) Contribution Section of his Employee Accounts, may, within 5 years of the date of the distribution or withdrawal which caused such forfeiture, redeposit such

distribution or withdrawal, and upon such redeposit, the amount of the forfeiture associated with the redeposit shall be restored to the Employee's Employer Stock Account (and to the Withdrawal Year) from which it was forfeited. Redeposits shall be allocated to the Plan funds in the same manner as 401(k) Contributions made on behalf of the Participant. For an Employee hired prior to April 1, 1989, redeposits shall be made on a Withdrawal Year by Withdrawal Year basis, beginning with the most remotely ended Withdrawal Year, and the amount redeposited for any Withdrawal Year shall be equal to the amount distributed or withdrawn which caused the forfeiture for that Withdrawal Year.

For an Employee hired after March 31, 1989, the amount redeposited shall be equal to the total amount distributed or withdrawn which caused the forfeiture.

- (b) No redeposit of such a withdrawal or distribution shall be permitted if, coincident with or subsequent to the forfeiture associated with that withdrawal or distribution, an Employee incurs 5 consecutive One-Year Periods of Severance. For Plan Years prior to April 1, 1989, and for purposes of this Section 3.9 only, an Employee incurs a One-Year Period of Severance if he is not an Employee on the last day of a Plan Year.
- (c) Where applicable, if an Employee receives such a distribution or makes such a withdrawal that results in a forfeiture, and if such Employee does not make a redeposit of such amount within the same Plan Year, any Plan Year between the Plan Year of distribution or withdrawal and the Plan Year of redeposit (including the Plan Year of distribution or withdrawal but not including the Plan Year of redeposit) shall not be counted in determining when the restored amounts are attributable to a Withdrawal Year or Matured Withdrawal Years.
- (d) Notwithstanding the preceding provision, a Participant who is entitled to no portion of his Employer Account upon termination of employment shall be deemed to have received a distribution of zero dollars (\$0) from such account at the earliest date provided under Section 7.2.
- (e) Any forfeiture from the 401(k) Contribution Section of his Employer Accounts shall be restored in accordance with the provisions of this Section 3.9 if the former Employee returns to his employment with an Employer prior to incurring 5 consecutive One-Year Periods of Severance.
- (f) Any forfeiture from the Basic After-Tax Contribution section of his Employer Accounts under subsection 7.1(f) shall be restored in accordance with the provisions of this Section 3.9 if the Terminated Participant returns to his employment with an Employer prior to incurring 5 consecutive One-Year Periods of Severance.

3.10 Source of and Interest in 401(k) Contributions. Anything in this Plan to the contrary notwithstanding, 401(k) Contributions shall be made by the Employers out of current or accumulated earnings and profits, and the Employers shall have no beneficial interest of any nature whatsoever in any such Contributions after the same have been received by the Trustee.

ARTICLE IV

EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.3, Company Matching Contributions for each Plan Year shall be 50% of (i) 401(k) Contributions and (ii) Basic After-Tax Contributions for that Plan Year allocated to the K-C Stock Fund and 20% of (i) 401(k) Contributions and (ii) Basic After-Tax Contributions for that Plan Year allocated to the Government Fund, the Diversified Fund or the Fixed Income Fund.

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.8 or the recharacterization of Deposits pursuant to subsection 3.5(b)(iii), and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

- 4.2 Allocation and Payment of Company Matching Contributions. Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are deducted or withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.3 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if, in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.4 Limitations on Company Matching Contributions, Unrestricted After-Tax Contributions, and Basic After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of

(A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or

(B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(b) and (c), Section 3.5 with respect to Basic After-Tax Contributions, and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) In order to prevent the multiple use of the alternative limitations described in subsections 3.5(b)(i)(B) and 4.4(a)(i)(B), the provisions of subsection 3.5(b)(ii) shall apply.

- (iii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year (if any) in excess of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if

practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.4(a)(i) shall be determined in the manner set forth in subsection 4.4(a)(iv).

- (iv) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions Sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such Sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss

allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.4(a)(i) above.

ARTICLE V

TRUSTEE AND TRUST AGREEMENT

- 5.1 The Corporation shall enter into a trust agreement with a person or corporation selected by the Board to act as Trustee of Contributions and Company Matching Contributions. The Trustee shall receive all Contributions and all Company Matching Contributions and shall hold, manage, administer, and invest the same, reinvest any income, and, in accordance with instructions and directions of the Committee subject to the Plan, make distributions.

The trust agreement shall be in such form and contain such provisions as the Board may deem necessary and appropriate to effectuate the purposes of the Plan and to qualify the Plan and the Trust under the Code. Upon the written request of an Eligible Employee, a copy of the trust agreement shall be made available for his inspection.

The Board may, from time to time, remove the Trustee or any successor Trustee at any time and any such Trustee or any successor Trustee may resign. The Board shall, upon removal or resignation of a Trustee, appoint a successor Trustee.

The Trustee's accounts, books, and records relating to the Trust may be audited annually by auditors selected by the Board.

The Trustee's fee shall be paid by the Corporation but until so paid shall constitute a charge upon the Trust. Brokerage fees, asset management fees, investment management fees and other direct costs of investment and taxes (including interest and penalties) shall be paid by the Trustee out of the funds of the Trust to which such costs are attributable, unless paid by the Corporation in its discretion.

ARTICLE VI

INVESTMENT, PARTICIPANT'S ACCOUNTS, AND VOTING OF STOCK

6.1 Investment of Contributions.

- (a) A Participant's Contributions and Contributions made on his behalf during each Plan Year shall be invested in the various funds in accordance with the Participant's allocations under Section 3.4. A Participant's interest arising from his reallocation for prior Plan Years shall be invested in the various funds in accordance with the Participant's directions under Section 3.8. Company Matching Contributions during each Plan Year shall be invested in the K-C Stock Fund. All such investments and gains or losses related thereto shall be allocated to each Participant's Accounts pursuant to the provisions of Section 6.2.
- (b) The Committee shall designate Participant's Contributions and Company Matching Contributions for payment to the Trustee for investment, and Employee Accounts and Employer Accounts for reallocation in accordance with subsection 6.1(a), and shall advise the Trustee of such designation.

6.2 Participant's Accounts.

- (a) Establishment of Accounts. Each Participant shall have established and maintained for him separate Accounts which, depending upon the allocation and reallocation options he has selected, shall consist of Employee Accounts and Employer Accounts in one or more of the Government Fund, the Diversified Fund, the Fixed Income Fund, and the K-C Stock Fund. Each such Employee Account shall be subdivided into a Basic After-Tax Contributions Section, a 401(k) Contributions Section, and an Unrestricted After-Tax Contribution Section. Each such Employer Account shall be subdivided into subsections corresponding to the Sections of Employee Accounts, other than the Unrestricted After-Tax Contribution Section.

As soon as practicable following the end of each Plan Year, the Committee will cause an annual statement to be prepared for each Participant which will reflect the status of the Participant's Accounts in such form as shall be prescribed by the Committee.

- (b) Separation of Accounts. Each Participant's Accounts shall be further separated and maintained as Withdrawal Years and Matured Withdrawal Years as set forth in Sections 8.1 and 8.2.

(c) Crediting of Accounts. As of the close of business on each Valuation Date the designated Accounts of each Participant shall be appropriately credited with the amounts of his Contributions and Contributions made on his behalf, or the reallocation of his other Accounts, if any, and his Employer Stock Account shall be credited with the amount of any Company Matching Contributions with respect to him. All such Contributions, reallocations and Company Matching Contributions with respect to any month shall be considered as having been made on the Valuation Date but subsequent to the valuation for such month provided for in subsection 6.2(d).

(d) Valuation of Accounts. Each Participant's Accounts shall be valued and adjusted monthly to preserve for each Participant his proportionate interest in the related funds. As of each Valuation Date each of the Accounts of each Participant shall be adjusted to reflect the effect of income, collected and accrued, realized and unrealized profits and losses, expenses and all other transactions with respect to the related fund as follows:

(i) The Current Market Value of the assets held in each of the funds shall be determined by the Trustee, and

(ii) The separate balances provided for in subsection 6.2(b) of each Participant's Account under each of the related funds shall be adjusted by multiplying by the ratio that the Current Market Value of such fund as determined under subsection 6.2(d)(i) bears to the aggregate of the Account balances under such fund.

6.3 Stock Rights, Stock Splits and Stock Dividends. A Participant shall have no right of request, direction or demand upon the Committee or the Trustee to exercise in his behalf rights to purchase shares of Corporation Stock or other securities of the Corporation. The Trustee, at the direction of the Committee, shall exercise or sell any rights to purchase shares of Corporation Stock appertaining to shares of such stock held by the Trustee and shall sell at the direction of the Committee any rights to purchase other securities of the Corporation appertaining to shares of Corporation Stock held by the Trustee. The Accounts of Participants shall be appropriately credited. Shares of Corporation Stock received by the Trustee by reason of a stock split or a stock dividend shall be appropriately allocated to the Accounts of the Participants.

6.4 Voting of Corporation Stock. A Participant (or in the event of his death, his Beneficiary) may direct the voting at each annual meeting and at each special meeting of the stockholders of the Corporation of that number of whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account and his Employee Stock Account as of the Valuation Date preceding the record date for such meeting. Each such

Participant (or Beneficiary) will be provided with copies of pertinent proxy solicitation material together with a request for his confidential instructions as to how such shares are to be voted. The Committee shall direct the Trustee to vote such shares in accordance with such instructions and shall also direct the Trustee how to vote any shares of Corporation Stock at any meeting for which it has not received, or is not subject to receiving, such voting instructions.

- 6.5 Tender Offers. A Participant (or in the event of his death, his Beneficiary) may direct the Trustee in writing how to respond to a tender or exchange offer for any or all whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account and his Employee Stock Account as of the Valuation Date preceding such offer. The Committee shall notify each Participant (or Beneficiary) and exert its best efforts to timely distribute or cause to be distributed to him such information as will be distributed to stockholders of the Corporation in connection with any such tender or exchange offer. Upon receipt of such instructions, the Trustee shall tender such shares of Corporation Stock as and to the extent so instructed. If the Trustee shall not receive instructions from a Participant (or Beneficiary) regarding any such tender or exchange offer for such shares of Corporation Stock (or shall receive instructions not to tender or exchange such shares), the Trustee shall have no discretion in such matter and shall take no action with respect thereto. With respect to shares of Corporation Stock in the K-C Stock Fund for which the Trustee is not subject to receiving such instructions, however, the Trustee shall tender such shares in the same ratio as the number of shares for which it receives instructions to tender bears to the total number of shares for which it is subject to receiving instructions, and shall have no discretion in such matter and shall take no action with respect thereto other than as specifically provided in this sentence.

ARTICLE VII

DISTRIBUTION OF ACCOUNTS

7.1 Accounts to be Distributed.

- (a) Termination On or After Attainment of Age 55 or Upon Disability. If a Participant's employment with an Employer is terminated on or after his attainment of age 55, or if his employment is terminated upon his Total and Permanent Disability, he shall be fully vested in his Accounts and shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4.
- (b) Termination Upon Death. In the event that the termination of employment of a Participant is caused by his death, or a Terminated Participant dies prior to the first day on which such Terminated Participant's Accounts are payable, the entire amount then in his Accounts shall be paid to his Beneficiary in accordance with Section 7.4 after receipt by the Committee of

acceptable proof of death.

- (c) Termination As a Result of Group Termination. In the event that the termination of employment of a Participant is caused by reason of his status as a member of a group involved in a Group Termination, he shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4, unless action is taken pursuant to the Plan to segregate the Accounts of all the Participants in such group from the Trust and arrange for a transfer to or a merger with a qualified successor plan or trust with respect thereto.
- (d) Termination for Other Reasons. Effective April 1, 1989, if a Participant's employment with an Employer is terminated for any other reason, the Participant shall be entitled to the entire amount in his Employee Accounts and a portion of his Employer Accounts as determined in accordance with the following schedule:

| Years of Service | Vested Percentage | Forfeited Percentage |
|------------------|----------------------|-------------------------|
| Less than 5 | 0% | 100% |
| 5 or more | 100% | 0% |

provided, however, that for an Employee hired prior to April 1, 1989, the above provision shall apply only to the extent that the vested amount of the Participant's Employer Accounts computed in accordance with the above

provision is not less than the Vested Section of the Participant's Employer Accounts computed under the provisions of the Plan in effect as of March 31, 1989.

In the event that the termination of employment of a Participant is caused by any reason other than the Employee quits, is discharged, retires or dies, the Participant will be deemed to have a 12 month period of absence following the date of such termination of employment, for purposes of determining the portion of his Employer Accounts which such Participant shall be entitled to receive in a distribution in accordance with this subsection.

In the event that the Plan is amended to change the vesting provisions set forth in this subsection 7.1(d) above, a Participant with 3 or more years of Service may elect to have the vested percentage of the Participant's Employer Accounts determined pursuant to the vesting provisions in effect prior to the amendment.

- (e) Distribution Transfer in Certain Group Terminations. In the event that a Participant is a member of a group involved in a Group Termination and the circumstances are such that in the opinion of the Committee all of the involved Participant's Accounts should be segregated from the Plan and Trust, and transferred to or merged with a successor qualified plan and trust, the Committee shall take such action as it may deem necessary to cause such segregation and transfer or merger to occur. For these purposes, the amounts to be transferred or merged shall be determined as though all of the Participants involved in such group had terminated their employment by reason of attainment of age 55. In such event, those individuals in such group shall not be entitled to receive any distribution hereunder and all liabilities of this Plan and of the Trust with respect to such individuals shall be deemed fully discharged on the date

of such transfer or merger.

- (f) Deferred Distributions. Notwithstanding anything in this Article VII to the contrary, if the aggregate value of the Accounts of any Participant exceeds \$3500, an immediate distribution shall not be made without the consent of the Participant. A Participant who fails to consent to a distribution under this subsection 7.1(f) shall continue to participate as a Terminated Participant and shall be entitled to a distribution of his Employee Accounts and the vested percentage of his Employer Accounts. Upon Timely Notice of request for payment, the Terminated Participant's Employee Accounts and the vested percentage of his Employer Accounts shall be distributed in accordance with the provisions of Section 7.4.

7.2 Settlement Date and Time of Distributions. Each Participant's Settlement Date shall be the Valuation Date coincident with or following the termination of his employment or the Valuation Date following Timely Notice of his request for payment, whichever is later. Notwithstanding the foregoing, the Settlement Date for a Terminated Participant shall be the earlier of the Valuation Date following Timely Notice of his request for payment or the Valuation Date following Timely Notice of the request for payment due to his death. Any forfeiture with respect to the Accounts of the Participant or Terminated Participant shall be determined as of the Valuation Date coincident with or following such Participant's or Terminated Participant's termination of employment. Distribution of a Participant's Accounts shall be made to him or to his Beneficiary in full after the termination of his employment and within 60 days following his Settlement Date, except in the case of an Optional Annuity Distribution or an Optional Installment Distribution.

[The following replaces section 7.2 effective January 1, 1995:]

7.2 Settlement Date and Time of Distributions. Each Participant's Settlement Date shall be the Valuation Date coincident with or following the termination of his employment or the Valuation Date following Timely Notice of his request for payment, whichever is later. Notwithstanding the foregoing, the Settlement Date for a Terminated Participant shall be the earlier of the Valuation Date following Timely Notice of his request for payment or the Valuation Date following Timely Notice of the request for payment due to his death. Any forfeiture with respect to the Accounts of the Participant or Terminated Participant shall be determined as of the Valuation Date coincident with or following such Participant's or Terminated Participant's termination of employment. Distribution of a Participant's Accounts shall be made to him or to his Beneficiary in full after the termination of his employment and within 60 days following his Settlement Date.

7.3 Certain Definitions Relating to Distributions and Withdrawals.

- (a) Lump Sum Distribution. A "Lump Sum Distribution" of a Participant's Accounts means one distribution consisting of
 - (i) the cash equivalent of the Current Market Value on the Settlement Date of the Participant's Employee Accounts, except his Employee Stock Account, and the vested percentage of his Employer Accounts, except his Employer Stock Account, and

- (ii) full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts, and
 - (iii) the cash equivalent of any other interest attributable to the Participant's Accounts, except the forfeited percentage of his Employer Accounts, on the Settlement Date.
- (b) Lump Sum Optional Distribution. A "Lump Sum Optional Distribution" of a Participant's Accounts means the same as a Lump Sum Distribution, as defined in subsection 7.3(a), except that clause (ii) in said subsection shall be replaced by the following clause:
 - (ii) the cash equivalent of the Current Market Value as of the Settlement Date of all the shares and fractional shares of Corporation Stock attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account.
- (c) Optional Annuity Distribution. An "Optional Annuity Distribution" of a Participant's Accounts means the distribution, of a single premium, non-transferable joint and survivor annuity policy, or any other form of single premium, non-transferable annuity policy approved under rules established by the Committee. If a joint and survivor annuity is selected, the form of such annuity shall be such that an amount is payable to the Participant for his life, and upon his death, fifty percent (50%) of such amount is payable to his surviving spouse for the remainder of the spouse's life. If the Participant shall receive a joint and survivor annuity, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant and the Participant's spouse; and if a single life annuity is elected, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant. If an annuity form of distribution is elected, an annuity policy (containing further provisions relating to payment and options which may be elected by the Participant under rules established by the Committee) shall be purchased by the Trustee (from a life insurance company selected by the Committee) from the cash equivalent of the Participant's Accounts, as of the Settlement Date, valued as though such Accounts were to be distributed as a Lump Sum Optional Distribution, as defined in subsection 7.3(b). If the Committee or the Trustee is unable to obtain the information required

by the life insurance company for the purchase of an annuity policy, as described above, the Optional Annuity

Distribution shall be made directly from the Participant's Accounts in such form as may be set forth under rules established by the Committee. If the Optional Annuity Distribution is being paid directly from the Participant's Accounts as provided above, the Participant, or in the case of a married Participant the Participant with spousal consent may elect distribution of his accounts in the form of either a Lump Sum Distribution or a Lump Sum Optional Distribution in the same manner as a Terminated Participant.

In the case of a married Participant who elects an Optional Annuity Distribution, the distribution of the Participant's Accounts shall be in the form of a joint and survivor annuity, as described above, under which the survivor annuity is payable to such Participant's spouse; unless, within the period 90 days prior to the Settlement Date, (i) such spouse consents in writing to the election of another form of annuity or the naming of another person to receive the survivor annuity, and acknowledges the effect of such election, and (ii) such consent is witnessed by a notary public. No such spousal consent need be furnished with respect to an election, however, if the Committee determines that such Participant's spouse cannot be located, or that such consent is unobtainable for any other reason provided under applicable regulations. For purposes of this subsection 7.3(c), the term spouse shall mean the spouse of a Participant as of his Settlement Date.

- (d) Optional Installment Distribution. An "Optional Installment Distribution" of a Participant's Accounts means that a Participant has elected prior to his Settlement Date to have the cash equivalent of all of his Accounts, as at the Settlement Date, valued as though such Accounts were to be distributed as a Lump Sum Optional Distribution as defined in subsection 7.3(b), applied to the purchase of a contract which provides:
 - (i) for the payment of the cash equivalent of the Participant's Accounts, plus interest, in equal monthly installments, commencing with the end of either the second or twelfth month following his Settlement Date and continuing for either 60 or 120 months, as the Participant shall elect on Timely Notice prior to his Settlement Date;
 - (ii) that if the Participant dies prior to receiving all of the payments to which he is entitled under the contract, an amount equal to the sum of all such remaining payments shall be distributed to his

Beneficiary in one cash payment as soon as practicable.

[The following replaces section 7.3 effective September 1, 1994:]

7.3 Certain Definitions Relating to Distributions and Withdrawals.

- (a) All Stock Distribution. An "All Stock Distribution" of a Participant's Accounts means one distribution consisting of full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Accounts and to the vested percentage of his Employer Accounts, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts.

- (b) Stock and Cash Distribution. A "Stock and Cash Distribution" of a Participant's Accounts means one distribution consisting of
- (i) the cash equivalent of the Current Market Value on the Settlement Date of the Participant's Employee Accounts, except his Employee Stock Account, and the vested percentage of his Employer Accounts, except his Employer Stock Account, and
 - (ii) full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts, and
 - (iii) the cash equivalent of any other interest attributable to the Participant's Accounts, except the forfeited percentage of his Employer Accounts, on the Settlement Date.
- (c) All Cash Distribution. An "All Cash Distribution" of a Participant's Accounts means the same as a Stock and Cash Distribution, as defined in subsection 7.3(b), except that clause (ii) in said subsection shall be replaced by the following clause:
- (ii) the cash equivalent of the Current Market Value as of the Settlement Date of all the shares and fractional shares of Corporation Stock attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account.
- (d) Optional Annuity Distribution. An "Optional Annuity Distribution" of a Participant's Accounts means the distribution, of a single premium, non-transferable joint and survivor annuity policy, or any other form of single premium, non-transferable annuity policy approved under rules established by the Committee. If a joint and survivor annuity is selected, the form of such annuity shall be such that an amount is payable to the Participant for his life, and upon his death, fifty percent (50%) of such amount is payable to his surviving spouse for the remainder of the spouse's life. If the Participant shall receive a joint and survivor annuity, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant and the Participant's spouse; and if a single life annuity is elected, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant. If an annuity form of distribution is elected, an annuity policy (containing further provisions relating to payment and options which may be elected by the Participant under rules established by the Committee) shall be purchased by the Trustee (from a life insurance company selected by the Committee) from the cash equivalent of the Participant's Accounts, as of the Settlement Date, valued as though such Accounts were to be distributed as an All Cash Distribution, as defined in subsection 7.3(c). If the Committee or the Trustee is unable to obtain the information required by the life insurance company for the purchase of an annuity policy, as described above, the Optional Annuity Distribution shall be made directly from the Participant's Accounts in such form as may be set forth

under rules established by the Committee. If the Optional Annuity Distribution is being paid directly from the Participant's Accounts as provided above, the Participant, or in the case of a married Participant the Participant with spousal consent, may elect distribution of his accounts in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution in the same manner as a Terminated Participant.

In the case of a married Participant who elects an Optional Annuity Distribution, the distribution of the Participant's Accounts shall be in the form of a joint and survivor annuity, as described above, under which the survivor annuity is payable to such Participant's spouse; unless, within the period 90 days prior to the Settlement Date, (i) such spouse consents in writing to the election of another form of annuity or the naming of another person to receive the survivor annuity, and acknowledges the effect of such election, and (ii) such consent is witnessed by a notary public. No such spousal consent need be furnished with respect to an

election, however, if the Committee determines that such Participant's spouse cannot be located, or that such consent is unobtainable for any other reason provided under applicable regulations. For purposes of this subsection 7.3(d), the term spouse shall mean the spouse of a Participant as of his Settlement Date.

- (e) Optional Installment Distribution. An "Optional Installment Distribution" of a Participant's Accounts means that a Participant has elected prior to his Settlement Date to have the cash equivalent of all of his Accounts, as at the Settlement Date, valued as though such Accounts were to be distributed as an All Cash Distribution as defined in subsection 7.3(c), applied to the purchase of a contract which provides:
 - (i) for the payment of the cash equivalent of the Participant's Accounts, plus interest, in equal monthly installments, commencing with the end of either the second or twelfth month following his Settlement Date and continuing for either 60 or 120 months, as the Participant shall elect on Timely Notice prior to his Settlement Date;
 - (ii) that if the Participant dies prior to receiving all of the payments to which he is entitled under the contract, an amount equal to the sum of all such remaining payments shall be distributed to his Beneficiary in one cash payment as soon as practicable.

[The following replaces section 7.3 effective January 1, 1995:]

7.3 Certain Definitions Relating to Distributions and Withdrawals.

- (a) All Stock Distribution. An "All Stock Distribution" of a Participant's Accounts means one distribution consisting of full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Accounts and to the vested percentage of his Employer Accounts, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts.
- (b) Stock and Cash Distribution. A "Stock and Cash

Distribution" of a Participant's Accounts means one distribution consisting of

- (i) the cash equivalent of the Current Market Value on the Settlement Date of the Participant's Employee Accounts, except his Employee Stock Account, and

the vested percentage of his Employer Accounts, except his Employer Stock Account, and

- (ii) full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts, and
- (iii) the cash equivalent of any other interest attributable to the Participant's Accounts, except the forfeited percentage of his Employer Accounts, on the Settlement Date.

- (c) All Cash Distribution. An "All Cash Distribution" of a Participant's Accounts means the same as a Stock and Cash Distribution, as defined in subsection 7.3(b), except that clause (ii) in said subsection shall be replaced by the following clause:

- (ii) the cash equivalent of the Current Market Value as of the Settlement Date of all the shares and fractional shares of Corporation Stock attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account.

7.4 Methods of Distribution.

- (a) Distribution by Reason of Death. The Beneficiary of a Participant to which subsection 7.1(b) applies shall be entitled to receive a distribution of such Participant's Accounts in the form of either a Lump Sum Distribution, a Lump Sum Optional Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution as elected by the Participant in the appointment of his Beneficiary. If no such election was made, such distribution shall be in the form of either a Lump Sum Distribution, a Lump Sum Optional Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution as elected by the Beneficiary.
- (b) Distribution Upon Termination of Employment for Reasons Other than Death.
 - (i) A Participant who is entitled to receive a distribution of his Accounts due to the termination of his employment for any reason specified in Section 7.1, except death, may on Timely Notice elect to receive such distribution in the form of either a Lump Sum Distribution, a Lump Sum Optional Distribution, an Optional Annuity Distribution, or

an Optional Installment Distribution at any time. In the event no such election is made, and the Participant is married at the date of his distribution, such distribution will be made in the form of a joint and survivor annuity as described in subsection 7.3(c).

- (ii) In the case of a married Participant who elects an Optional Annuity Distribution, the distribution shall be in the form of a joint and survivor annuity as described in subsection 7.3(c), provided the Participant's spouse consents thereto in accordance with subsection 7.3(c). The Committee shall, within a reasonable time prior to commencement of benefits (but, in all events, no less than 30 nor more than 90 days prior thereto) furnish to such Participant a written explanation of the terms and conditions of the joint and survivor annuity and the financial effect upon a Participant's benefit (in terms of dollars per annuity payment) of making an election not to take the joint and survivor annuity. An election by a Participant entitled to such explanation under this subsection not to take the joint and survivor annuity described in this Article, or a change in or revocation of any such election, may be made at any time during the 90-day period prior to the date benefits commence, as described in subsection 7.3(c).
- (c) Small Distributions. Notwithstanding any provision of this Section 7.4 to the contrary, if the aggregate value of a Participant's Accounts does not exceed \$3500, the Committee shall direct the distribution of the Accounts of any Participant as a Lump Sum Distribution or a Lump Sum Optional Distribution, as elected by the Participant or his Beneficiary prior to the Settlement Date. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given two months after termination of employment and such distribution shall be in the form of a Lump Sum Optional Distribution.

[The following replaces section 7.4 effective September 1, 1994:]

7.4 Methods of Distribution.

- (a) Distribution by Reason of Death. The Beneficiary of a Participant to which subsection 7.1(b) applies shall be entitled to receive a distribution of such Participant's Accounts in the form of either an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution as elected by the

Participant in the appointment of his Beneficiary. If no such election was made, such distribution shall be in the form of either an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution as elected by the Beneficiary.

- (b) Distribution Upon Termination of Employment for Reasons Other than Death.
 - (i) A Participant who is entitled to receive a

distribution of his Accounts due to the termination of his employment for any reason specified in Section 7.1, except death, may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution at any time. In the event no such election is made, and the Participant is married at the date of his distribution, such distribution will be made in the form of a joint and survivor annuity as described in subsection 7.3(d).

- (ii) In the case of a married Participant who elects an Optional Annuity Distribution, the distribution shall be in the form of a joint and survivor annuity as described in subsection 7.3(d), provided the Participant's spouse consents thereto in accordance with subsection 7.3(d). The Committee shall, within a reasonable time prior to commencement of benefits (but, in all events, no less than 30 nor more than 90 days prior thereto) furnish to such Participant a written explanation of the terms and conditions of the joint and survivor annuity and the financial effect upon a Participant's benefit (in terms of dollars per annuity payment) of making an election not to take the joint and survivor annuity. An election by a Participant entitled to such explanation under this subsection not to take the joint and survivor annuity described in this Article, or a change in or revocation of any such election, may be made at any time during the 90-day period prior to the date benefits commence, as described in subsection 7.3(d).
- (c) Small Distributions. Notwithstanding any provision of this Section 7.4 to the contrary, if the aggregate value of a Participant's Accounts does not exceed \$3500, the Committee shall direct the distribution of the Accounts of any Participant as an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution, as elected by the Participant or his Beneficiary prior to

the Settlement Date. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given two months after termination of employment and such distribution shall be in the form of an All Cash Distribution.

[The following replaces section 7.4 effective January 1, 1995:]

7.4 Methods of Distribution.

- (a) Distribution by Reason of Death. The Beneficiary of a Participant to which subsection 7.1(b) applies shall be entitled to receive a distribution of such Participant's Accounts in the form of either an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution as elected by the Participant in the appointment of his Beneficiary. If no such election was made, such distribution shall be in the form of either an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution as elected by the Beneficiary.
- (b) Distribution Upon Termination of Employment for Reasons Other than Death. A Participant who is entitled to receive a distribution of his Accounts due to the termination of his employment for any reason specified

in Section 7.1, except death, may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution at any time.

- (c) Small Distributions. Notwithstanding any provision of this Section 7.4 to the contrary, if the aggregate value of a Participant's Accounts does not exceed \$3500, the Committee shall direct the distribution of the Accounts of any Participant as an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution as elected by the Participant or his Beneficiary prior to the Settlement Date. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given two months after termination of employment, and such distribution shall be in the form of an All Cash Distribution.

7.5 Miscellaneous.

- (a) For the purpose of the Plan, no termination of employment will be deemed to have occurred in any instance where the person involved remains in Service or is reemployed by an Employer prior to his Settlement Date.
- (b) In the event of the death, prior to his receipt of a distribution, of a Participant who at the time of his

death was entitled to receive distribution under subsection 7.4(b) and elected to receive such distribution in the form of a Lump Sum Distribution or a Lump Sum Optional Distribution, or was entitled to receive a distribution under subsection 7.4(c), and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

[The following replaces section 7.5 effective September 1, 1994:]

7.5 Miscellaneous.

- (a) For the purpose of the Plan, no termination of employment will be deemed to have occurred in any instance where the person involved remains in Service or is reemployed by an Employer prior to his Settlement Date.
- (b) In the event of the death, prior to his receipt of a distribution, of a Participant who at the time of his death was entitled to receive distribution under subsection 7.4(b) and elected to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution, or an All Cash Distribution, or was entitled to receive a distribution under subsection 7.4(c), and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

7.6 Required Distributions.

- (a) Notwithstanding any provision of the Plan to the contrary, a Participant's or Terminated Participant's Accounts shall be distributed commencing no later than the earlier of:

- (i) April 1 of the calendar year following the year in which the Participant or Terminated Participant attains age 70-1/2, except to the extent that Section 1121(d)(4) of the Tax Reform Act of 1986 provides otherwise, or
 - (ii) unless the Participant elects a later date (which can be no later than the date specified in (i) above), the 60th day after the latest of:
 - (A) the close of the Plan Year in which the Participant attains age 65,
 - (B) the close of the Plan Year which includes the date 10 years after the date the Participant first commenced participating in the Plan, or
 - (C) the close of the Plan Year in which the Participant terminated employment with his Employer.
- (b) All distributions from the Plan shall be made in accordance with the requirements of Code section 401(a)(9) and the regulations thereunder, including the minimum distribution incidental benefit requirements.

7.7 Unclaimed Benefits. During the time when a benefit hereunder is payable to any Terminated Participant or, if deceased, his Beneficiary, the Committee shall mail by registered or certified mail to such Participant or Beneficiary, at his last known address, a written demand for his then address, or for satisfactory evidence of his continued life, or both. If such information is not furnished to the Committee within 12 months from the mailing of such demand, then the Committee may, under rules established by the Committee, in its sole discretion, declare such benefit, or any unpaid portion thereof, suspended, with the result that such unclaimed benefit shall be treated as a forfeiture for the Plan Year within which such 12-month period ends, but shall be subject to restoration through an Employer Contribution if the lost Participant or such Beneficiary later files a claim for such benefit.

7.8 Reserved.

7.9 Karolton Envelope Benefit. Notwithstanding any other provision of the Plan, if a Participant's employment with an Employer is terminated, he shall be fully vested in his Accounts and shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4. if such Participant meets all of the following conditions:

- (a) immediately prior to his termination of employment he must have been an Employee of Karolton Envelope; and
- (b) such termination of employment must be involuntary on the part of the Participant, be caused solely by the elimination of his job function with the Corporation due to the sale of assets of Karolton Envelope under the Assets Purchase Agreement entered into between the Corporation and KECA Corporation dated October 29, 1993, and such termination of employment must occur on the Closing Date of such Assets Purchase Agreement.

7.10 Spenco Medical Corporation Benefit. Notwithstanding any other provision of the Plan, a Participant shall be fully vested in his Accounts and shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4. if such Participant is employed by Spenco Medical Corporation on the Closing Date of the sale of Spenco Medical Corporation under the Agreement and Plan of Merger entered into between the Corporation and Spenco Medical Corporation, SBS Enterprises, Inc., Spenco Acquisition Corporation and Steven B. Smith, dated March 4, 1994. For purposes of this Section, a Participant described in the preceding sentence shall be treated under Section 7.4 as if he terminated employment with an Employer for a reason other than death on the Closing Date; provided, however, that a distribution pursuant to this Section shall be delayed to the extent required by the Internal Revenue Service under section 401(k)(2)(B)(i)(I) of the Code.

7.11 Form of ESOP Benefit. Notwithstanding anything in the Plan to the contrary but subject to the provisions of Sections 7.4 and 7.6, the form of benefit payment available from the K-C Stock Fund to a Participant, unless the Participant elects otherwise, shall be substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (i) five (5) years, or (ii) in the case of a Participant whose vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases), five (5) years plus one (1) additional year (not exceeding five (5) additional years) for each \$100,000 (or fraction of \$100,000) (as adjusted by legislation or for cost-of-living increases) by which the vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases).

[The following replaces section 7.11 effective September 1, 1994:]

7.11 Form of ESOP Benefit. Notwithstanding anything in the Plan to the contrary but subject to the provisions of Sections 7.4 and 7.6, the form of benefit payment available to a Participant, unless the Participant elects otherwise, shall be substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (i) five (5) years, or (ii) in the case of a Participant whose vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases), five (5) years plus one (1) additional year (not exceeding five (5) additional years) for each \$100,000 (or fraction of \$100,000) (as adjusted by legislation or for cost-of-living increases) by which the vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases).

[The following replaces section 7.11 effective January 1, 1995:]

7.11 Form of ESOP Benefit. Notwithstanding anything in the Plan to the contrary but subject to the provisions of Sections 7.4(c) and 7.6, the form of benefit payment available to a

Participant, unless the Participant elects otherwise, shall be substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (i) five (5) years, or (ii) in the case of a Participant whose vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases), five (5) years plus one (1) additional year (not exceeding five (5) additional years) for each \$100,000 (or fraction of \$100,000) (as adjusted by legislation or for cost-of-living increases) by which the vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases).

- 7.12 ESOP Dividend Distributions. Dividends paid to the Trust that had dividend record dates during a Plan Year on Corporation Stock allocated to a Participant's Accounts shall be paid to that Participant, or if applicable, to his Beneficiary, in the first quarter of the Plan Year following the Plan Year in which the dividends' record dates occurred. Notwithstanding the preceding sentence, in the last quarter of each Plan Year, a Participant who is employed by an Employer or an affiliate of an Employer at the time of an election under this Section may elect to have 25%, 50%, 75%, or all of such dividend payments remain in the Trust in lieu of a distribution under this Section. Dividends retained in the Trust under this Section shall be invested as directed by the Participant under Section 3.8. Notwithstanding both the dollar amount (if any) of any election under this Section and the preceding provisions of this Section, the amount actually paid under this Section shall not exceed the lesser of (i) the electing Participant's share of the dividends subject to such election and (ii) his balance in his Accounts at the time of payment.

ARTICLE VIII

FORMATION OF WITHDRAWAL YEAR AND MATURED WITHDRAWAL YEAR; WITHDRAWALS DURING EMPLOYMENT

- 8.1 Withdrawal Years. A Withdrawal Year shall be formed under the Plan for the Company Matching Contributions made for each Plan Year. Each Withdrawal Year shall be and continue to be identified separately up to the first day of the Plan Year commencing with the third anniversary of its conclusion.
- 8.2 Matured Withdrawal Years. A separately identified Matured Withdrawal Year shall be formed under the Plan to include all amounts held in the Participants' Employer Accounts as of the first day of the Plan Year commencing with the third anniversary of each Withdrawal Year.
- 8.3 Regular Withdrawals. A Participant, subject to the conditions stated below, may make the following Regular

Withdrawals:

- (a) Such amount as the Participant may elect from the Unrestricted After-Tax Contribution Section of his Accounts;
- (b) Such amounts as the Participant may elect from the Basic After-Tax Contribution Section of his Accounts; and
- (c) Such amounts as a Participant who has at least 5 years of Service or a Participant who was employed by Employer prior to April 1, 1989, may elect from his Employer Accounts for the Matured Withdrawal Years. Any Participant not otherwise described above shall not be eligible to make withdrawals from his Employer Accounts.

In the event of a Regular Withdrawal from the Basic After-Tax Contribution section of a Participant's Accounts pursuant to subsection 8.3(b), such Participant's Contributions under the Plan shall be suspended for a period of 12 months following such withdrawal.

- 8.4 Over Age 59-1/2 Withdrawals. A Participant who has attained age 59-1/2 may withdraw such amounts as he may elect from the 401(k) Contributions Sections of his Accounts. In the event of withdrawal pursuant to this Section 8.4 such Participant's Contributions under the Plan shall be suspended for a period of 12 months following such withdrawal.

8.5 Hardship Withdrawals.

- (a) Upon the application of any Participant who has not attained age 59 1/2, the Committee, in accordance with its uniform nondiscriminatory rules, may permit such

Participant to withdraw all or a portion (subject to subsection (b) below) of the amount in the 401(k) Contribution Section of his Accounts if the Participant is able to demonstrate financial hardship and provided, however, that all amounts available as Regular Withdrawals described in Section 8.3 shall first be withdrawn. A Participant shall be considered to have demonstrated financial hardship only if the Participant demonstrates that the purpose of the withdrawal is to meet his immediate and heavy financial needs, the amount of the withdrawal does not exceed such financial needs, and the amount of the withdrawal is not reasonably available from other resources. A Participant making application under this Section 8.5 shall have the burden of demonstrating a financial hardship to the Committee, and the Committee shall not permit withdrawal under this subsection without first receiving such proof.

The Participant will be deemed to have demonstrated that the purpose of the withdrawal is to meet his immediate and heavy financial needs only if he represents that the distribution is on account of:

- (i) medical expenses (as described in Code section 213(d)) incurred by the Participant, his spouse, or any of his dependents, or necessary for such persons to obtain medical care;
- (ii) the purchase (excluding mortgage payments) of a principal residence for the Participant;
- (iii) the payment of tuition and related educational fees for the next 12 months of post-secondary education for the Participant, his spouse, children, or dependents;

- (iv) payments necessary to prevent eviction from or foreclosure on the Participant's principal residence or the mortgage on that residence; or
- (v) any other condition determined by the Committee pursuant to its uniform Committee Rules to represent a financial hardship.

Moreover, the Participant will be deemed to have demonstrated that the amount of the withdrawal is unavailable from his other resources and in an amount not in excess of that necessary to satisfy his immediate and heavy financial needs only if each of the following requirements is satisfied:

- (i) the Participant represents that the distribution is not in excess of the amount of

his immediate and heavy financial needs, except that the withdrawal may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the withdrawal; and

- (ii) the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available to him under all other qualified and nonqualified deferred compensation plans currently maintained by an Employer.

In the event of any withdrawal by a Participant pursuant to this Section 8.5, (i) such Participant's Contributions under this Plan and his contributions under all other qualified and nonqualified deferred compensation plans maintained by an Employer shall be suspended for a period of 12 months following such withdrawal, and (ii) for the calendar year following the calendar year in which such withdrawal occurred, the amount of the Participant's 401(k) Contributions may not exceed the limitation on the amount of 401(k) Contributions which may be contributed, as set forth in subsection 3.5(a), less the amount of any 401(k) Contributions made by said Participant during the calendar year of the withdrawal.

- (b) No hardship withdrawal shall exceed the balance then credited to the Participant's 401(k) Contribution Section of his Accounts (or, if less, the Current Market Value thereof) nor shall any withdrawal include earnings on such Contributions after December 31, 1988.

8.6 Distribution of Withdrawals.

- (a) Regular Withdrawals and Over Age 59-1/2 Withdrawals. Regular Withdrawals and Over Age 59-1/2 Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal or an Over Age 59-1/2 Withdrawal may on Timely Notice elect to receive such distribution in the form of either a Lump Sum Distribution or a Lump Sum Optional Distribution.

- (b) Hardship Withdrawals. If a Participant's application for a hardship withdrawal is approved, the Settlement Date for such withdrawal shall be the Valuation Date following Timely Notice of such withdrawal. If the

Participant's application for a hardship withdrawal is denied and, on appeal, subsequently approved, the Settlement Date for such withdrawal shall be the Valuation Date immediately preceding the date of the Committee's decision on the appeal. Hardship withdrawals will be made only in the form of a Lump Sum Optional Distribution.

[The following replaces section 8.6 effective September 1, 1994:]

8.6 Distribution of Withdrawals.

- (a) Regular Withdrawals and Over Age 59-1/2 Withdrawals. Regular Withdrawals and Over Age 59-1/2 Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal or an Over Age 59-1/2 Withdrawal may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution.
- (b) Hardship Withdrawals. If a Participant's application for a hardship withdrawal is approved, the Settlement Date for such withdrawal shall be the Valuation Date following Timely Notice of such withdrawal. If the Participant's application for a hardship withdrawal is denied and, on appeal, subsequently approved, the Settlement Date for such withdrawal shall be the Valuation Date immediately preceding the date of the Committee's decision on the appeal. Hardship withdrawals will be made only in the form of an All Cash Distribution.

8.7 Miscellaneous.

- (a) Notwithstanding anything in this Article VIII to the contrary, the withdrawal provision of this Article VIII shall not apply for Terminated Participants.
- (b) In the event of the death, prior to his Settlement Date with respect to the withdrawal, of a Participant who has elected to make a withdrawal, and if the Committee has notice of the Participant's death prior to such distribution, then such withdrawal shall be deemed revoked. In the event of the death of a Participant on or after the Settlement Date with respect to which the Participant has elected to make a withdrawal, but prior to the actual distribution thereof, and if the Committee has notice of the Participant's death prior to such

distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

- 8.8 Waiver of Right to Withdraw. A Participant who is on an assignment outside of the United States may waive his right to make a withdrawal pursuant to this Article VIII. Any such waiver shall be in writing, in a form acceptable to the Committee and signed by the Participant, and shall be irrevocable. The duration of a waiver hereunder may be for a stated period or until the occurrence of a specified event, at the election of the Participant, but in absence of such an election the waiver shall expire upon termination or completion of the Participant's assignment outside the United States.

ARTICLE IX

INCENTIVE INVESTMENT PLAN COMMITTEE

- 9.1 Membership. The Committee shall consist of at least three persons who shall be officers or directors of the Corporation or Eligible Employees. Members of the Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Executive Committee of the Board. The Committee shall elect one of its members as chairman. The Committee shall not receive compensation for its services. Committee expenses shall be paid by the Corporation.

- 9.2 Powers. The Committee shall have all such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the power to construe or interpret the Plan, to determine all questions of eligibility hereunder, to determine the method of payment of any Accounts hereunder, to adopt rules relating to the giving of Timely Notice, and to perform such other duties as may from time to time be delegated to it by the Executive Committee of the Board. The Committee may prescribe such forms and systems and adopt such rules and actuarial methods and tables as it deems advisable. It may employ such agents, attorneys, accountants, actuaries, medical advisors, or clerical assistants (none of whom need be members of the Committee) as it deems necessary for the effective exercise of its duties, and may delegate to such agents any power and duties, both ministerial and discretionary, as it may deem necessary and appropriate.
- 9.3 Procedures. A majority of the Committee members shall constitute a quorum. The Committee may take any action upon a majority vote at any meeting at which a quorum is present, and may take any action without a meeting upon the unanimous written consent of all members. All action by the Committee shall be evidenced by a certificate signed by the chairman or by the secretary to the Committee. The Committee shall appoint a secretary to the Committee who need not be a member of the Committee, and all acts and determinations of the Committee shall be recorded by the secretary, or under his supervision. All such records, together with such other documents as may be necessary for the administration of the Plan, shall be preserved in the custody of the secretary.
- 9.4 Rules and Decisions. All rules and decisions of the Committee shall be uniformly and consistently applied to all Eligible Employees and Participants under this Plan in similar circumstances and shall be conclusive and binding upon all persons affected by them. The Committee shall have absolute discretion in carrying out its duties under the Plan.
- 9.5 Authorization of Payments. Subject to the provisions hereof, it shall be the duty of the Committee to furnish the Trustee with all facts and directions necessary or pertinent to the proper disbursement of the Trust funds.
- 9.6 Books and Records. The records of the Employers shall be conclusive evidence as to all information contained therein with respect to the basis for participation in the Plan and for the calculation of Contributions and Company Matching Contributions.
- 9.7 Perpetuation of the Committee. In the event that the Corporation shall for any reason cease to exist, then, unless the Plan is adopted and continued by a successor, the members of the Committee at that time shall remain in office until the final termination of the Trust, and any vacancies in the membership of the Committee caused by death, resignation, disability or other cause, shall be filled by the remaining member or members of the Committee.
- 9.8 Claim Procedure. The Committee shall establish a procedure for handling all claims by all persons. In the event any claim is denied, the Committee shall provide a written explanation to the person stating the reasons for denial.
- 9.9 Allocation or Reallocation of Fiduciary Responsibilities. The Named Fiduciary may allocate powers and responsibilities not specifically allocated by the Plan, or reallocate powers and responsibilities specifically allocated by the Plan, to

designated persons, partnerships or corporations other than the Committee, and the members of the Committee may allocate their responsibilities under the Plan among themselves. Any such allocation, reallocation, or designation shall be in writing and shall be filed with and retained by the secretary of the Committee with the records of the Committee. Notwithstanding the foregoing, no reallocation of the responsibilities provided in the Trust to manage or control the Trust assets shall be made other than by an amendment to the Trust.

9.10 Plan Administrator. The Corporation shall be the Plan Administrator as described in ERISA.

9.11 Service of Process. The Corporation shall be the designated recipient of service of process with respect to legal actions regarding the Plan.

ARTICLE X

AMENDMENT AND TERMINATION

10.1 Amendment and Termination. While it is intended that the Plan shall continue in effect indefinitely, the Board may from time to time modify, alter or amend the Plan or the Trust using its prescribed procedures for actions by the Board and may at any time order the temporary suspension or complete discontinuance of Company Matching Contributions or may terminate the Plan, provided, however, that

- (i) no such action shall make it possible for any part of the Trust assets (except such part as is used for the payment of expenses) to be used for or diverted to any purpose other than for the exclusive benefit of Participants or their Beneficiaries;
- (ii) no such action shall adversely affect the rights or interests of Participants theretofore vested under the Plan; and
- (iii) in the event of termination of the Plan or complete discontinuance of Company Matching Contributions hereunder, all rights and interests of Participants not theretofore vested shall become vested as of the date of such termination or complete discontinuance.

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

- (1) is required by law, or
- (2) is estimated not to increase the annual cost of the Plan by more than \$250,000.

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

However, nothing herein shall be construed to prevent any

modification, alteration or amendment of the Plan or of the Trust which is required in order to comply with any law relating to the establishment or maintenance of the Plan and Trust, including but not limited to the establishment and maintenance of the Plan or Trust as a qualified employee plan or trust under the Code, even though such modification, alteration, or amendment is made retroactively or adversely affects the rights or interests of a Participant under the Plan.

ARTICLE XI

MISCELLANEOUS

11.1 Non-Guarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between an Employer and a Participant, or as a right of any Participant to be continued in the employment of his Employer, or as a limitation of the right of an Employer to discharge any Participant with or without cause.

11.2 Rights to Trust Assets. No Participant or any other person shall have any right to, or interest in, any part of the Trust assets upon termination of his employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the amounts due and payable to such person out of the assets of the Trust. All payments as provided for in this Plan shall be made solely out of the assets of the Trust and neither the Employers, the Trustee, nor any member of the Committee shall be liable therefor in any manner.

The Employers shall have no beneficial interest of any nature whatsoever in any Employer Contributions after the same have been received by the Trustee, or in the assets, income or profits of the Trust, or any part thereof, except to the extent that forfeitures as provided in the Plan shall be applied to reduce the Employer Contributions.

11.3 Disclaimer of Liability. Neither the Trustee, the Employers, nor any member of the Committee shall be held or deemed in any manner to guarantee the funds of the Trust against loss or depreciation.

11.4 Non-Recommendation of Investment. The availability of any security hereunder shall not be construed as a recommendation to invest in such security. The decision as to the choice of investment of Contributions must be made solely by each Participant, and no officer or employee of the Corporation or the Trustee is authorized to make any recommendation to any Participant concerning the allocation of Contributions hereunder.

11.5 Indemnification of Committee. The Employers shall indemnify the Committee and each of its members and hold them harmless from the consequences of their acts or conduct in their official capacity, including payment for all reasonable legal expenses and court costs, except to the extent that such consequences are the result of their own willful misconduct or breach of good faith.

11.6 Selection of Investments. The Trustee shall have the sole discretion to select investments for the various funds

provided for herein even though the same may not be legal investments for trustees under the laws applicable thereto.

- 11.7 Non-Alienation. Except as otherwise provided herein, no right or interest of any Participant or Beneficiary in the Plan and the Trust shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, attachment, garnishment, execution, levy, bankruptcy, or any other disposition of any kind, either voluntary or involuntary, prior to actual receipt of payment by the person entitled to such right or interest under the provisions hereof, and any such disposition or attempted disposition shall be void.
- 11.8 Facility of Payment. If the Committee has notice that a Participant entitled to a distribution hereunder, or his Beneficiary, is incapable of caring for his own affairs, because of illness or otherwise, the Committee may direct that any distribution from such Participant's Accounts may be made, in such shares as the Committee shall determine, to the spouse, child, parent or other blood relative of such Participant, or his Beneficiary, or any of them, or to such other person or persons as the Committee may determine, until such date as the Committee shall determine that such incapacity no longer exists. The Committee shall be under no obligation to see to the proper application of the distributions so made to such person or persons, and any such distribution shall be a complete discharge of any liability under the Plan to such Participant, or his Beneficiary, to the extent of such distribution.
- 11.9 Allocation in the Event of Advance Contributions. In the event that the Employer's tax deduction with respect to amounts contributed to the Plan pursuant to Articles III and IV for the months in the final quarter of a Plan Year results in such amounts being deemed advanced contributions of the Employer with respect to the taxable year of the Employer ending within such Plan Year, such amounts shall be considered allocated pursuant to Articles III and IV, as applicable, as of the last day of such taxable year.
- 11.10 Executive Committee of the Board. Any action which is required or permitted to be taken by the Board under the Plan may be taken by the Executive Committee of the Board or any authorized committee of the Board.
- 11.11 Qualified Domestic Relations Orders. Anything in this Plan to the contrary notwithstanding:
- (a) Alternate Payee's Accounts. An alternate payee under a domestic relations order determined by the Corporation to be a qualified domestic relations order (as defined in Code section 414(p)) shall have established and maintained for him separate Accounts similar to the

Accounts of the Participant specified in the qualified domestic relations order. The alternate payee's Accounts shall be credited with his interest in such Participant's Accounts, as determined under the qualified domestic relations order. Except to the extent specifically provided by the qualified domestic relations order, no amount of the non-vested portion, if any, of the Participant's Employer Accounts shall be

credited to the alternate payee's Accounts. Subsection 6.2(d) and Sections 6.3, 6.4 and 6.5 shall apply to the alternate payee's Accounts as if the alternate payee were a Participant.

- (b) Investment of Alternate Payee's Accounts. On or after the date which is three months following the effective date of the qualified domestic relations order, an alternate payee may on Timely Notice elect to reallocate, effective as of the first Valuation Date following his election, all or any percentage portion of any of his Employee Accounts or Employer Accounts or both, provided the alternate payee has not elected a reallocation within the preceding three months. An alternate payee's interest arising from this reallocation shall be invested in the various funds in accordance with the alternate payee's directions. For purposes of subsection 6.1(b), any such reallocation shall be treated as a reallocation in accordance with subsection 6.1(a).
- (c) Alternate Payee's Beneficiary. Except to the extent otherwise provided by the qualified domestic relations order relating to an alternate payee:
 - (i) the alternate payee may designate on Timely Notice a beneficiary,
 - (ii) if no such person is validly designated or if the designated person predeceases the alternate payee, the beneficiary of the alternate payee shall be his estate, and
 - (iii) the beneficiary of the alternate payee shall be accorded under the Plan all the rights and privileges of the Beneficiary of a Participant.
- (d) Distribution to Alternate Payee. An alternate payee shall be entitled to receive a distribution from the Plan in accordance with the qualified domestic relations order relating to the alternate payee. Such distribution may be made only in a method provided in Section 7.4 and shall include only such amounts as have become vested; provided, however, that if a qualified domestic relations order so provides, a lump sum distribution of the total vested amount credited to the

alternate payee's Accounts may be made to the alternate payee before the date that the Participant specified in the qualified domestic relations order attains his earliest retirement age (as defined in Code section 414(p)(4)(B)). A qualified domestic relations order may provide that until a distribution is made to the alternate payee, the alternate payee may make withdrawals in accordance with Article VIII as if the alternate payee were an employed Participant; provided, however, that (i) hardship withdrawals from the portion of the alternate payee's Accounts attributable to the 401(k) Contributions Section of the Accounts of the Participant specified in the qualified domestic relations order shall not be available to an alternate payee and (ii) no withdrawal suspension penalties shall be imposed on account of a withdrawal by an alternate payee.

- (e) Vesting of Alternate Payee's Accounts. In the event that the qualified domestic relations order provides for all or part of the non-vested portion of the Participant's Employer Accounts to be credited to the Accounts of the alternate payee, such amounts shall vest

and/or be forfeited at the same time and in the same manner as the Accounts of the Participant specified in the qualified domestic relations order; provided, however, that no forfeiture shall result to the Accounts of the alternate payee due to any distribution to or withdrawal by the Participant from his Accounts or any distribution to or withdrawal by the alternate payee from the vested portion of the Accounts of the alternate payee.

- 11.12 Tax Reform Act of 1986; Special Effective Dates. In addition to the other limitations set forth in the Plan and notwithstanding the provisions relating to the effective date of the Plan, the Plan shall be or shall have been administered (i) according to the applicable provisions (as determined by the Committee) of the Tax Reform Act of 1986 and (ii) with the following provisions effective as of the dates specified:
- (a) Subsections 2.1(b) and 4.4(a), relating to the Actual Contribution Percentage, which shall be effective April 1, 1987;
 - (b) Subsections 2.1(c) and 3.5(b), relating to the Actual Deferral Percentage, which shall be effective April 1, 1987;
 - (c) Subsection 2.1(d), relating to the definition of Affiliated Employer for purposes of Article XIV, which shall be effective April 1, 1987;
 - (d) Subsection 2.1(e), relating to the limit on compensation used to determine a Participant's Base Salary Rate, which shall be effective January 1, 1989;
 - (e) Subsection 2.1(r), relating to exclusion of leased employees from definition of Eligible Employee, which shall be effective for services performed after December 31, 1986;
 - (f) Subsection 2.1(ll), relating to the definition of Highly Compensated Eligible Employee, which shall be effective April 1, 1987;
 - (g) Subsections 2.1(eee) and 3.2(c), relating to Special Unrestricted After-Tax Contributions, which shall be effective April 1, 1989;
 - (h) Subsection 2.1(jjj), relating to Total Compensation, which shall be effective April 1, 1987, with said limitation contained therein, effective January 1, 1989;
 - (i) Subsection 3.5(a)(i), relating to the limitation of 401(k) Contributions made on behalf of a Participant during the taxable year, which shall be effective for services performed after December 31, 1986;
 - (j) Subsection 7.1(d), relating to the vesting provisions under the Plan, which shall be effective April 1, 1989;
 - (k) Sections 8.1 through 8.5, relating to withdrawals from the Plan, which shall be effective April 1, 1989;
 - (l) Subsection 8.6(b) with respect to the Valuation

Date for initial applications and appeals for hardship withdrawals, which shall be effective April 1, 1992; and

- (m) Subsections 12.1(a)(1)(C), 12.1(a)(ii)(D), 12.1(a)(ii)(F) through (G), and 12.1 (a)(vi)(A)(1), relating to the limit on Annual Additions to the Plan, which shall be effective for Limitation Years beginning after December 31, 1986.

ARTICLE XII

LIMITATIONS ON BENEFITS

12.1 Definitions and Rules.

- (a) Definitions. For purposes of Article XII, the following definitions and rules of interpretation shall apply.
 - (i) "Annual Additions" to a Participant's Accounts under this Plan is the sum, credited to a Participant's Accounts for any Limitation Year, of:
 - (A) Company contributions,
 - (B) forfeitures, if any, and
 - (C) Participant Contributions.
 - (ii) "Annual Benefit" -
 - (A) A benefit which is payable annually in the form of a straight life annuity under a defined benefit plan maintained by the Company which is subject to the limitations of Code section 415. In the case of such a benefit which is not payable in the form of a straight life annuity, the benefit will be adjusted in accordance with subsection 12.1(a)(ii)(C) below.
 - (B) When there is a transfer of assets or liabilities from one qualified plan to another, the Annual Benefit attributable to the assets transferred shall not be taken into account by the transferee plan in applying the limitations of Code section 415. The Annual Benefit payable on account of the transfer for any individual that is attributable to the assets transferred will be equal to the annual benefit transferred on behalf of such individual multiplied by a fraction, the numerator of which is the value of the total assets transferred and the denominator of which is the value of the total liabilities transferred.
 - (C) In the case of a retirement benefit under a defined benefit plan subject to the limitations of Code section 415(b) which is in any form other than a straight life annuity, such benefit will be adjusted to a straight

life annuity beginning at the same age which

is the actuarial equivalent of such benefit in accordance with applicable regulations and rules determined by the Commissioner, but without taking into account:

- (1) the value of a qualified joint and survivor annuity (as defined in Code section 401(a)(11)(G)(iii) and the regulations thereunder) provided by a defined benefit plan to the extent that such value exceeds the sum of (a) the value of a straight life annuity beginning on the same date and (b) the value of any post-retirement death benefits which would be payable even if the annuity were not in the form of a joint and survivor annuity,
 - (2) the value of benefits that are not directly related to retirement benefits (such as, but not limited to, pre-retirement disability and death benefits), and
 - (3) the value of benefits provided by a defined benefit plan which reflect post-retirement cost-of-living increases to the extent that such increases are in accordance with Code section 415(d) and the regulations thereunder.
- (D) In the case of a retirement benefit beginning before the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.
- (E) If a Participant has less than 10 Years of Vesting Service with the Company at the time the Participant begins to receive retirement benefits under a defined benefit plan, the benefit limitations described in Code section 415(b)(1) and (4) are to be reduced by multiplying the otherwise applicable limitation by a fraction, the numerator of which is the number of Years of Vesting

Service with the Company as of, and including, the current Limitation Year, and the

denominator of which is 10. For purposes of this paragraph (E), Years of Vesting Service shall be determined in accordance with such defined benefit plan.

- (F) In the case of a retirement benefit beginning after the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.
 - (G) For purposes of this Section, the "Social Security Retirement Age" shall mean the age used as the retirement age under section 216(1) of the Social Security Act, applied without regard to the age increase factor and as if the early retirement age under section 216(1)(2) of the Social Security Act were 62.
- (iii) "Company" - any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b) and modified by Code section 415(h)) or an affiliated service group (as defined in section 414(m) of the Code) which includes an Employer; any trades or businesses (whether or not incorporated) which are under common control (as defined in Code section 414(c) and modified by Code section 415(h)) with an Employer; or any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (iv) "Compensation" with respect to a Limitation Year -
- (A) includes amounts actually paid or made available to a Participant (regardless of whether he was such during the entire Limitation Year);
 - (1) as wages, salaries, fees for professional service, and other amounts received for personal services actually rendered in

the course of employment with the Company including but not limited to commissions, compensation for services on the basis of a percentage of profits and bonuses;

- (2) for purposes of (i) above, earned income from sources outside the United States (as defined in Code section 911(b)); whether or not excludable from gross income under Code section 911 or deductible under Code section 913;
- (3) amounts described in Code sections 104(a)(3), 105(a) and 105(h) but only to the extent that these amounts are includable in the gross income of the Participant;

- (4) amounts paid or reimbursed by the Company for moving expenses incurred by the Participant, but only to the extent that these amounts are not deductible by the Participant under Code section 217;
 - (5) value of a nonqualified stock option granted to the Participant, but only to the extent that the value of the option is includable in the gross income of the Participant in the taxable year in which granted;
 - (6) the amount includable in the gross income of a Participant upon making the election described in Code section 83(b).
- (B) excludes -
- (1) amounts contributed to this Plan by Employers on behalf of Participants as 401(k) Contributions (and not considered Basic After-Tax Contributions under Section 3.5(a)(ii) nor recharacterized as Basic After-Tax Contributions under Section 3.5(b)(iii)).
 - (2) contributions made by the Company to a plan of deferred compensation to the extent that, before the application of the Code section 415 limitations to that plan, the contributions are not includable in the gross income of the Participant for the taxable year in which contributed and any distributions from a plan of deferred compensation, regardless

of whether such amounts are includable in the gross income of the Participant when distributed; provided however, any amounts received by a Participant pursuant to an unfunded nonqualified plan shall be considered as Compensation in the year such amounts are includable in the gross income of the Participant;

- (3) amounts realized from the exercise of a nonqualified stock option, or recognized when restricted stock (or property) held by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture pursuant to Code section 83 and the regulations thereunder;
- (4) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option;
- (5) other amounts which receive special tax benefits such as premiums for group term life insurance (but only to the extent that the premiums are not includable in the gross income of the Participant); and
- (6) Compensation in excess of \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (v) "Limitation Year" - a calendar year;
- (vi) "Maximum Permissible Amount" -
 - (A) for a Limitation Year, with respect to any Participant, subject to the rule in paragraph (B), the lesser of
 - (1) \$30,000 (or, if greater, 1/4 of the dollar limitation in effect under Code section 415(b)(1)(A)), or
 - (2) 25% of the Participant's Compensation for the Limitation Year.
 - (B) As of January 1 of each calendar year, the dollar limitation set forth in subparagraph (A)(1) above shall be adjusted automatically for cost-of-living increases to equal the dollar limitation as determined by the Commissioner for that calendar year under Code section 415(d)(1)(B). This adjusted dollar limitation applies for the Limitation Year ending with that calendar year.
- (vii) "Projected Annual Benefit" - the Annual Benefit to which a Participant would be entitled under a defined benefit plan maintained by the Company on the assumptions that he or she continues employment until the normal retirement age (or current age, if that is later) thereunder, that his or her Compensation continues at the same rate as in effect for the Limitation Year under consideration until such age, and that all other relevant factors used to determine benefits under the Plan remain constant as of the current Limitation Year for all future Limitation Years;
- (b) Other Rule. For purposes of applying the limitations of Code section 415(b), (c) and (e) applicable to a Participant for a particular Limitation Year, all qualified defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as part of this Plan and all qualified defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as one defined benefit plan.

12.2 Limits.

- (a) Annual Addition Limit. The amount of the Annual Addition which may be credited under this Plan to any Participant's Accounts as of any allocation date shall not exceed the Maximum Permissible Amount (based upon his Compensation up to such allocation date) reduced by the sum of any Annual Additions made to the Participant's Accounts under this Plan as of any preceding allocation date within the Limitation Year. If an allocation date of this Plan coincides with an allocation date of any other qualified defined contribution plan maintained by the Company, the amount of the Annual Additions which may be credited under this Plan to any Participant's Accounts as of such date shall be an amount equal to the product of the amount to be credited under this Plan without regard to this Section 12.2 multiplied by the lesser of 1.0 or a fraction, the numerator of which is the amount described in this

subsection (a) of Section 12.2 during the Limitation Year and the denominator of which is the amount that would otherwise be credited on this allocation date under all plans without regard to this Section 12.2. If contributions to this Plan by or on behalf of a Participant are to be reduced as a result of this Section 12.2, such reduction shall be effected by first

reducing any Unrestricted After-Tax Contributions and second, if and to the extent necessary, by proportionately reducing any Basic After-Tax Contributions and corresponding Company Matching Contributions and then, if and to the extent necessary, by proportionately reducing any 401(k) Contributions and corresponding Company Matching Contributions. If as a result of a reasonable error in estimating a Participant's Compensation, or under the limited facts and circumstances which the Commissioner finds justify the availability of the rules set forth in this Section 12.2, the allocation of Annual Additions under the terms of the Plan for a particular Participant would cause the limitations of Code section 415 applicable to that Participant for the Limitation Year to be exceeded, the excess amounts shall not be deemed to be Annual Additions in that Limitation Year if they are treated as follows:

- (i) The excess amounts in the Participant's Account consisting of Participant Contributions and Contributions made on his behalf and any increment attributable thereto shall be paid to the Participant as soon as administratively feasible.
- (ii) The excess amounts in the Participant's Account consisting of Company Matching Contributions shall be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for that Participant if that Participant is covered by the Plan as of the end of the Limitation Year. However, if that Participant is not covered by the Plan as of the end of the Limitation Year then the excess amounts must be held unallocated in a suspense account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Participants in the Plan. If a suspense account is in existence at any time during a particular Limitation Year, other than the first Limitation Year described in the preceding sentence, all amounts in the suspense account must be allocated and reallocated to Participant's Accounts (subject to the limitations of Code section 415) before any Company Matching Contributions and Contributions which would constitute Annual Additions may be made to the Plan for that Limitation Year and such excess amounts must be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Plan Years, as necessary) for all of the remaining Participants in the Plan. For purposes of this subdivision, excess amounts may

not be distributed to Participants or former Participants.

- (iii) In the event of termination of the Plan the suspense account described in (ii) above shall revert to the Employer to the extent it may not then be allocated to any Participant's Account.
- (iv) Notwithstanding any other provision in this Section 12.2, the Employer shall not contribute any amount that would cause an allocation to the suspense account as of the date the contribution is allocated. If the contribution is made prior to the date as of which it is to be allocated, then such contribution shall not exceed an amount that would cause an allocation to the suspense account if the date of contribution were an allocation date.

- (b) Overall Limit. For any Participant of this Plan who at any time participated in a defined benefit plan maintained by the Company, the rate of benefit accrual by such Participant in each defined benefit plan in which the Participant participates during the Limitation Year will be reduced to the extent necessary to prevent the sum of the following fractions, computed as of the close of the Limitation Year, from exceeding 1.0:

- (i) The Projected Annual Benefit of the Participant under the defined benefit plan

over

The lesser of (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(b)(1)(A) for such Limitation Year or (2) the product of 1.4 multiplied by the amount which may be taken into account under Code section 415(b)(1)(B) with respect to such Participant for such Limitation Year,

plus

- (ii) The sum of Annual Additions to such Participant's Accounts under this Plan in such Limitation Year and for all prior Limitation Years

over

The sum of the lesser of the following amounts determined for such year and for each prior year of service with the Company: (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(c)(1)(A) for such Limitation Year

or (2) the product of 1.4 multiplied by 25% of the Participant's Compensation for such Limitation Year.

- (c) Special Rules Applicable to Computation of Overall Limit.

- (i) For purposes of applying the defined contribution plan fraction in Section 12.2(b), for any Limitation Year beginning after December 31, 1975, the following rules shall apply with respect to

Limitation Years before January 1, 1976:

- (A) The aggregate amount taken into account in determining the numerator of such fraction is deemed not to exceed the aggregate amount taken into account in determining the denominator of the fraction.
 - (B) The amount taken into account for purposes of subsection 12.1(a)(i)(C)(1) is an amount equal to the excess of the aggregate amount of the Participant's contributions for such years during which he was an active participant in the Plan over 10% of the Participant's aggregate Compensation for all such years, multiplied by a fraction, the numerator of which is 1.0 and the denominator of which is the number of years beginning before January 1, 1976, during which the Participant participated in the Plan. Participant contributions made on or after October 2, 1973, shall be taken into account for purposes of the preceding sentence only to the extent that the amount of such contributions was permissible under a plan as in effect on that date.
- (ii) In any case where the sum of the fractions in Section 12.2(b) is greater than 1.0 calculated as of the close of the last Limitation Year beginning before January 1, 1983 for a Participant in accordance with regulations prescribed by the Commissioner pursuant to Section 235(g)(3) of the Tax Equity and Fiscal Responsibility Act of 1982, an amount shall be subtracted from the numerator of the defined contribution plan fraction so that the sum of such fractions does not exceed 1.0 for such Limitation Year.

ARTICLE XIII

MERGER

No merger or consolidation with or transfer of any assets or liabilities to any other plan after September 2, 1974, shall be made unless, upon completion thereof, the value of each Participant's Account shall immediately after said merger, consolidation, or transfer be equal to or greater than the value of the Participant's Account immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

ARTICLE XIV

TOP-HEAVY REQUIREMENTS

14.1 Top-Heavy Requirements. Notwithstanding any other provisions of this Plan, the following rules shall apply for any Plan Year if as of the last day of the preceding Plan Year, based on valuations as of such date, the sum of the present value of accrued benefits and Accounts of "key employees" (within the meaning of Code section 416) exceeds 60% of a similar sum for all employees under each plan of the Employer or any Affiliated Employer in which a "key employee" participates and each other plan of the Employer or any Affiliated Employer which enables any such plan to meet the requirements of Code section 401(a)(4) or 410. A Plan Year during which such rules apply shall be known as a "Top-Heavy Plan Year."

(a) Vesting. A Participant who is credited with an Hour of Service during the Top-Heavy Plan Year, or in any Plan Year after the Top-Heavy Plan Year, and who has completed at least three years of Service shall have a nonforfeitable right to 100% of his Employer Accounts and no such amount may become forfeitable if the Plan later ceases to be Top-Heavy nor may such amount be forfeited under the provisions of Code sections 411(a)(3)(B) (relating to suspension of benefits upon reemployment) or 411(a)(3)(D) (relating to forfeitures upon withdrawal of mandatory contributions). If the Plan become Top-Heavy and later ceases to be Top-Heavy, this vesting schedule shall no longer apply and benefits which have not at such time vested under this schedule shall vest only in accordance with other provisions of this Plan, provided that any Participant with at least 3 years of Service shall be entitled to continue to utilize this schedule for vesting purposes by making an election at the time and in the manner specified by the Committee.

(b) Required Contributions. Each Employer shall contribute

on behalf of each employee eligible to participate in the Plan, the lesser of:

- (i) 3% of such employee's compensation (within the meaning of Code section 415); or
- (ii) the percentage of such employee's compensation (within the meaning of Code section 415) which is equal to the percentage at which contributions were made for that Plan Year on behalf of the "key employee" for whom such percentage is the greatest for such Plan Year, as prescribed by Code section 416(c)(2)(B) and regulations thereunder;

provided, however, that any contributions for any employee required of any Employer by the above provisions of this subsection 14.1(b) shall be reduced by the amount of any Company Matching Contribution made with respect to such Plan Year for such employee under Article IV of this Plan. Any contribution made pursuant to this subsection 14.1(b) shall be allocated to the Employer Stock Account on behalf of the employee for whom such contribution is made.

- (c) Additional Limitations. No allocations may be made to the Account of a Participant the sum of whose defined benefit plan fraction and defined contribution plan fraction, as defined in Code section 415(e), exceeds 1.0 when the dollar amounts, as defined in Section 12.2(b) hereof, are multiplied by 1.0 rather than 1.25.

The provisions of this Section 14.1 shall be interpreted in accordance with the provisions of Code section 416 and any regulations thereunder, which are hereby expressly incorporated by reference.

- (d) Coordination. In the event a top heavy minimum contribution or benefit is required under this Plan or another plan of an Employer that covers a Participant, the top heavy minimum contribution or benefit, as appropriate, shall be provided in this Plan.

APPENDIX A

LIST OF EMPLOYERS, PARTICIPATING UNITS AND APPLICABLE SCHEDULES

| Employers and Participating Units | Schedule |
|--|----------|
| Avent, Inc. All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification. | I |
| Coosa Pines Golf Club, Incorporated All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification. | I |
| Jet Professionals, Inc. All salaried non-intermittent employees of this Employer including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification. | I |
| K-C Aviation Inc. All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification. | I |
| Kimberly-Clark Computer Services, Inc. All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification. | I |

| Employers and Participating Units | Schedule |
|---|----------|
| Kimberly-Clark Corporation (a) All salaried employees of this Employer, including those on temporary | I |

assignment at other units or Employers or in other classifications, but excluding employees on temporary assignment from another unit, Employer or classification and nonexempt salaried employees at the Conway Mills, Corinth Mills, Paris Plant, LaGrange Mill, Lexington Mill, Ogden Plant and Maumelle Facility.

(b) All nonexempt salaried employees at the Conway Mills, including those on temporary assignment in other classifications or at other units or Employers but excluding employees on temporary assignment from another unit, Employer or classification. II

(c) All nonexempt salaried employees at the Corinth Mills, including those on temporary assignment in other classifications or at other units or Employers but excluding employees on temporary assignment from another unit, Employer or classification. III

Kimberly-Clark International Services Corporation I
All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

Kimberly-Clark Integrated Services Corporation I
All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

Employers and Participating Units Schedule

Midwest Express Airlines, Inc. I
All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

KIMBERLY-CLARK CORPORATION
SALARIED EMPLOYEES
INCENTIVE INVESTMENT PLAN

APPENDIX

REVENUE RECONCILIATION ACT OF 1993 AMENDMENTS

In addition to other applicable limitations which may be set forth in the Plan and notwithstanding any other contrary provision of the Plan, compensation taken into account under the plan shall not exceed \$150,000, adjusted for changes in the cost of living as provided in sections 401(a)(17)(B) and 415(d) of the Internal Revenue Code, for the purpose of calculating a Plan participant's accrued benefit (including the right to any optional benefit provided under the Plan) for any Plan Year commencing after December 31, 1993. However, the accrued benefit determined in accordance with this provision shall not be less than the accrued benefit determined on January 1, 1994, without regard to this provision.

KIMBERLY-CLARK CORPORATION
SALARIED EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE II

(As amended through May 24, 1994)

(Conway Mills)

With respect to the Participating Unit under this Schedule, as set forth in Appendix A, the Plan shall apply with full force and effect except that Articles II, III, IV, VI, VIII and XII of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) Base Salary Rate: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of regular earnings while a Participant. Base Salary Rate shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Salary Rate under the Plan shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) Board: The Board of Directors of the Corporation.
- (h) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (i) Commissioner: The Commissioner of the Internal Revenue Service.
- (j) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day

of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.

- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which

reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.

- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a

group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.

- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (ll) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.
- (nn) Lump Sum Distribution: As defined in subsection 7.3(a).
- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee has completed an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires, or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board of Directors of the Corporation)

shall be the Named Fiduciary of the Plan as defined in ERISA.

- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).

- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated are shown in Appendix A.

- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each 12 calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

(i) August 1, 1967 to July 31, 1968

(ii) August 1, 1968 to July 31, 1969

(iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Regular Unrestricted After-Tax Contributions: After-Tax Contributions made through regular payroll deductions under subsection 3.2(b).

- (zz) Service: Regular employment with the Corporation, a Subsidiary or any Equity Company.

- (aaa) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.

- (bbb) Severance from Service Date: The earlier of:

(i) the date an Employee quits, is discharged, retires or dies, or

(ii) the first anniversary of the date an Employee is absent from Service for any reason other than a

quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)

- (ccc) Special Unrestricted After-Tax Contributions: Special Contributions which are made under subsection 3.2(c).
- (ddd) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (eee) Terminated Participant: A Participant who has terminated his employment with an Employer and the aggregate value of the Participant's Accounts exceeds \$3,500 and who has not elected to receive a distribution under the Plan.
- (fff) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (ggg) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service (other than temporary absence on military leave) if the

Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,

- (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (hhh) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (iii) Trust: The Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (jjj) Trustee: The trustee under the Trust.
- (kkk) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (lll) Valuation Date: The last day of each month.
- (mmm) Withdrawal Year: As defined in Section 8.1.

(nnn) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions (including amounts recharacterized as Basic After-Tax Contributions under subsection 3.5(b)(iii)), and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year (but only to the extent that such Contributions and Company Matching Contributions are not considered for purposes of Section 2.1(c) hereof), together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).

(d) All Cash Distribution: As defined in subsection 7.3(c).

(e) All Stock Distribution: As defined in subsection 7.3(a).

(f) Base Salary Rate: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of regular earnings while a Participant. Base Salary Rate shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Salary Rate under the Plan shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

(g) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.

(h) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:

(i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation, or the Participant is unmarried, and

(ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.

(i) Board: The Board of Directors of the Corporation.

(j) Code: The Internal Revenue Code of 1986, as amended from time to time.

(k) Commissioner: The Commissioner of the Internal Revenue Service.

(l) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.

(m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.

(n) Contributions: Amounts deposited under the Plan by or

on behalf of Participants as provided in Article III.

- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (v), (w), (x) and (y) of this Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of this Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of

1974, as amended from time to time.

- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.

(mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).

(nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for

any reason other than the Employee quits, is discharged, retires or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of

the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968
- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is

designated in terms of the calendar year in which it commences.

- (yy) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (zz) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (aaa) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (bbb) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g., disability, leave of absence, or layoff, etc.)
- (ccc) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (ddd) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.

- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (jjj) Trust: The Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan, and any Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, contributed prior to April 1, 1990, on account of which a Company Matching Contribution was made to this Plan on behalf of a Participant who was employed prior to April 1, 1989.
- (mmm) Valuation Date: The last day of each month.

(nnn) Withdrawal Year: As defined in Section 8.1.

- (ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE III

PARTICIPATION, CONTRIBUTIONS, AND ALLOCATIONS

3.1 Election to Participate. An Eligible Employee's election to participate in the Plan shall, if given on Timely Notice,

(i) be effective as of the first Entry Date following his election, and

(ii) remain in effect as a valid election to participate for each successive Plan Year.

An election to participate by an Eligible Employee who, immediately prior to becoming an Eligible Employee, was a participant under the Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan shall be effective as soon as administratively feasible upon exercising his election.

3.2 Amount of Contributions by Participants.

(a) Basic After-Tax Contributions: During each Plan Year Basic After-Tax Contributions shall be made by a Participant for deposit to his Account in an amount

(i) which is elected by him on Timely Notice, and

(ii) which, pursuant to his election, is either 2%, 3%, 4%, 5% or 6% of his Base Salary Rate.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice a Participant may change his election effective as of the first day of any month.

[The following replaces section 3.2(a) effective January 1, 1995:]

(a) Basic After-Tax Contributions. During each Plan Year, Basic After-Tax Contributions shall be made by a Participant for deposit to his Account in an amount

(i) which is elected by him on Timely Notice, and

(ii) which, pursuant to his election, is either 1%, 2%, 3%, 4%, 5% or 6% of his Base Salary Rate.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice, a Participant may change his election effective as of the first day of any month.

(b) Regular Unrestricted After-Tax Contributions.

- (i) A Participant may elect on Timely Notice to make Regular Unrestricted After-Tax Contributions to his Account in any whole percentage equal to an amount which is not less than 1% of his Base Salary Rate and not more than 6% of his Base Salary Rate.
- (ii) An election to make Regular Unrestricted After-Tax Contributions by regular payroll deduction shall remain in effect for so long as a Participant is eligible to make Regular Unrestricted After-Tax Contributions or, if earlier, until changed by a Participant. A Participant may change such election on Timely Notice effective as of the first day of any month.
- (iii) Regular Unrestricted After-Tax Contributions will not be taken into account in determining the amount of Company Matching Contributions made on behalf of Participants.

(c) Special Unrestricted After-Tax Contributions. Once each Plan Year a Participant may elect to make a Special Unrestricted After-Tax Contribution in excess of the amount elected under subsection 3.2(b)(i) in an amount

- (i) which is elected by him on Timely Notice,
- (ii) which, when added to the total of Regular Unrestricted After-Tax Contributions made by the Participant to date in the Plan Year, would not exceed 6% of his Base Salary Rate for those periods to date in such Plan Year during which Basic After-Tax Contributions have been made;
- (iii) which shall only be made in cash; and
- (iv) which will not be taken into account in determining the amount of Company Matching Contributions made on behalf of the Participant.

3.3 General Limitation: Notwithstanding any other provision of this Article III, no Contribution shall be made to the Plan which would cause the Plan to fail to meet the requirements for exemption from tax or to violate any provisions of the Code.

3.4 Allocation of Contributions by Participants.

Basic After-Tax Contributions and Unrestricted After-Tax Contributions: On Timely Notice a Participant shall elect to allocate in whole multiples of 1% all of his Basic After-Tax

Contributions and Unrestricted After-Tax Contributions to be made during a Plan Year to one or more of

- (i) the Government Fund,
- (ii) the Diversified Fund,

- (iii) the Fixed Income Fund, or
- (iv) the K-C Stock Fund.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice a Participant may change his election effective as of the first day of any month.

- 3.5 Suspension of All Contributions. On Timely Notice and notwithstanding the provisions of Section 3.2, a Participant may elect to suspend, effective reasonably soon after such notice is given as established by Committee rule, all of his Contributions. On Timely Notice, a Participant may elect to resume such Contributions, or have such Contributions resumed, as of any Entry Date, provided, however, that any such suspension must be for a period of not less than three months.

A Participant's Contributions and Contributions made on his behalf shall be automatically suspended commencing with and continuing throughout any period during which he fails to qualify as an Eligible Employee. On Timely Notice upon requalifying as an Eligible Employee a Participant may elect to make Contributions to his Accounts as soon as administratively possible.

- 3.6 Payment of Contributions to Trustee. The Employers shall contribute or remit to the Trustee as soon as practicable after the end of each month the amounts withheld from the Participants' compensation during the month as Contributions under the Plan.
- 3.7 Reallocation of Participant's Accounts. A Participant who has remained a Participant for at least three months may on Timely Notice elect to reallocate, effective as of the first Valuation Date following his election, all or any whole percentage portion of any of his Employee Accounts or Employer Accounts or both, provided he has not elected a reallocation within the preceding three months; provided, however, that a three month period that begins at the end of a Plan Year shall not be more than ninety (90) days.
- 3.8 Redeposits and Restored Amounts.

- (a) Notwithstanding any provision in this Plan to the contrary, on Timely Notice, an Employee who has forfeited all or a portion of his Employer Accounts may, within 5 years of the date of the distribution or

withdrawal which caused such forfeiture, redeposit such distribution or withdrawal, and upon such redeposit, the amount of the forfeiture associated with the redeposit shall be restored to the Employee's Employer Stock Account (and to the Withdrawal Year) from which it was forfeited. Redeposits shall be allocated to the Plan funds in the same manner as Basic After-Tax Contributions made by the Participant. Redeposits shall be made on a Withdrawal Year by Withdrawal Year basis, beginning with the most remotely ended Withdrawal Year, and the amount redeposited for any Withdrawal Year shall be equal to the amount distributed or withdrawn which caused the forfeiture for that Withdrawal Year.

For an Employee hired after March 31, 1989, the amount redeposited shall be equal to the total amount distributed or withdrawn which caused the forfeiture.

- (b) No redeposit of a withdrawal or distribution shall be permitted if, coincident with or subsequent to the

forfeiture associated with that withdrawal or distribution, an Employee incurs 5 consecutive One-Year Periods of Severance. For Plan Years prior to April 1, 1989, and for purposes of this Section 3.8 only, an Employee incurs a One-Year Period of Severance if he is not an Employee on the last day of a Plan Year.

- (c) Where applicable, if an Employee receives such a distribution or makes a withdrawal that results in a forfeiture, and if such Employee does not make a redeposit of such amount within the same Plan Year, any Plan Year between the Plan Year of distribution or withdrawal and the Plan Year of redeposit (including the Plan Year of distribution or withdrawal but not including the Plan Year of redeposit) shall not be counted in determining when the restored amounts are attributable to a Withdrawal Year or Matured Withdrawal Years.
- (d) Notwithstanding the preceding provision, a Participant who is entitled to no portion of his Employer Account upon termination of employment shall be deemed to have received a distribution of zero dollars (\$0) from such account at the earliest possible date provided under Section 7.2.
- (e) Any forfeiture from the Basic After-Tax Contribution section of his Employer Accounts under subsection 7.1(f) and the applicable years of Service shall be restored in accordance with the provisions of this Section 3.8 if the Terminated Participant returns to his employment with an Employer prior to incurring 5 consecutive One-Year Periods of Severance.

ARTICLE IV

EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.3, Company Matching Contributions for each Plan Year shall be 50% of Basic After-Tax Contributions for that Plan Year allocated to the K-C Stock Fund and 20% of Basic After-Tax Contributions for that Plan Year allocated to the Government Fund, the Diversified Fund or the Fixed Income Fund.

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

- 4.2 Allocation and Payment of Company Matching Contributions. Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any

Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.3 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if, in its opinion, the Corporation's

consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.4 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
- (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
 - (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year (if any) in excess

of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.4(a)(i) shall be determined in the manner set forth in subsection 4.4(a)(iii).

- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month

shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.4(a)(i) above.

ARTICLE VI

INVESTMENT, PARTICIPANT'S ACCOUNTS, AND VOTING OF STOCK

6.1 Investment of Contributions.

- (a) A Participant's Contributions during each Plan Year shall be invested in the various funds in accordance with the Participant's allocations under Section 3.4. A Participant's interest arising from his reallocation for prior Plan Years shall be invested in the various funds in accordance with the Participant's directions under Section 3.7. Company Matching Contributions during each

Plan Year shall be invested in the K-C Stock Fund. All such investments and gains or losses related thereto shall be allocated to each Participant's Accounts pursuant to the provisions of Section 6.2.

- (b) The Committee shall designate Participants' Contributions and Company Matching Contributions for payment to the Trustee for investment, and Employee Accounts and Employer Accounts for reallocation in accordance with subsection 6.1(a), and shall advise the Trustee of such designation.

6.2 Participant's Accounts.

- (a) Establishment of Accounts. Each Participant shall have established and maintained for him separate Accounts which, depending upon the allocation and reallocation options he has selected, shall consist of Employee Accounts and Employer Accounts in one or more of the Government Fund, the Diversified Fund, the Fixed Income Fund, and the K-C Stock Fund. Each such Employee Account shall be subdivided into a Basic After-Tax Contribution and Unrestricted After-Tax Contribution Section. Each such Employer Account shall be subdivided into subsections corresponding to the Sections of the Employee Accounts, other than the Unrestricted After-Tax Contribution Section.

As soon as practicable following the end of each Plan Year, the Committee will cause an annual statement to be prepared for each Participant which will reflect the status of the Participant's Accounts in such form as shall be prescribed by the Committee.

- (b) Separation of Accounts. Each Participant's Accounts shall be further separated and maintained as Withdrawal Years and Matured Withdrawal Years as set forth in Sections 8.1 and 8.2.
- (c) Crediting of Accounts. As of the close of business on each Valuation Date the designated Accounts of each Participant shall be appropriately credited with the amounts of his Contributions, or the reallocation of his other Accounts, if any, and his Employer Stock Account shall be credited with the amount of any Company Matching Contributions with respect to him. All such Participants' Contributions, reallocations and Company Matching Contributions with respect to any month shall be considered as having been made on the Valuation Date but subsequent to the valuation for such month provided for in subsection 6.2(d).
- (d) Valuation of Accounts. Each Participant's Accounts shall be valued and adjusted monthly to preserve for each Participant his proportionate interest in the related funds. As of each Valuation Date each of the Accounts of each Participant shall be adjusted to reflect the effect of income, collected and accrued, realized and unrealized profits and losses, expenses and all other transactions with respect to the related fund as follows:
 - (i) The Current Market Value of the assets held in each of the funds shall be determined by the Trustee, and
 - (ii) The separate balances provided for in subsection 6.2(b) of each Participant's Account under each of

the related funds shall be adjusted by multiplying by the ratio that the Current Market Value of such fund as determined under subsection 6.2(d)(i) bears to the aggregate of the Account balances under such fund.

- 6.3 Stock Rights, Stock Splits and Stock Dividends. A Participant shall have no right of request, direction or demand upon the Committee or the Trustee to exercise in his behalf rights to purchase shares of Corporation Stock or other securities of the Corporation. The Trustee, at the direction of the Committee, shall exercise or sell any rights to purchase shares of Corporation Stock appertaining to shares of such stock held by the Trustee and shall sell at the direction of the Committee any rights to purchase other securities of the Corporation appertaining to shares of Corporation Stock held by the Trustee. The Accounts of Participants shall be appropriately credited. Shares of Corporation Stock received by the Trustee by reason of a stock split or a stock dividend shall be appropriately allocated to the Accounts of the Participants.
- 6.4 Voting of Corporation Stock. A Participant (or in the case of his death, his Beneficiary) may direct the voting at each annual meeting and at each special meeting of the

stockholders of the Corporation of that number of whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account and his Employee Stock Account as of the Valuation Date preceding the record date for such meeting. Each such Participant (or Beneficiary) will be provided with copies of pertinent proxy solicitation material together with a request for the Participant's confidential instructions as to how such shares are to be voted. The Committee shall direct the Trustee to vote such shares in accordance with such instructions and shall also direct the Trustee how to vote any shares of Corporation Stock at any meeting for which it has not received, or is not subject to receiving such voting instructions.

- 6.5 Tender Offers. A Participant (or in the event of his death, his Beneficiary) may direct the Trustee in writing how to respond to a tender or exchange offer for any or all whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account and his Employee Stock Account as of the Valuation Date preceding such offer. The Committee shall notify each Participant (or Beneficiary) and exert its best efforts to timely distribute or cause to be distributed to him such information as will be distributed to stockholders of the Corporation in connection with any such tender or exchange offer. Upon receipt of such instructions, the Trustee shall tender such shares of Corporation Stock as and to the extent so instructed. If the Trustee shall not receive instructions from a Participant (or Beneficiary) regarding any such tender or exchange offer for such shares of Corporation Stock (or shall receive instructions not to tender or exchange such shares), the Trustee shall have no discretion in such matter and shall take no action with respect thereto. With respect to shares of Corporation Stock in the K-C Stock Fund for which the Trustee is not subject to receiving such instructions, however, the Trustee shall tender such shares in the same ratio as the number of shares for which it receives instructions to tender bears to the total number of shares for which it is subject to receiving instructions, and shall have no discretion in such matter and shall take no action with respect thereto other than as specifically provided in this sentence.

ARTICLE VIII

FORMATION OF WITHDRAWAL YEAR AND MATURED WITHDRAWAL YEAR; WITHDRAWALS DURING EMPLOYMENT

- 8.1 Withdrawal Years. A Withdrawal Year shall be formed under the Plan for the Company Matching Contributions made for each Plan Year. Each Withdrawal Year shall be and continue to be identified separately up to the first day of the Plan Year commencing with the third anniversary of its conclusion.
- 8.2 Matured Withdrawal Years. A separately identified Matured Withdrawal Year shall be formed under the Plan to include all amounts held in the Participants' Employer Accounts as of the first day of the Plan Year commencing with the third anniversary of each Withdrawal Year.
- 8.3 Regular Withdrawals. A Participant, subject to the conditions stated below, may make the following Regular Withdrawals:
- (a) Such amounts as the Participant may elect from the Unrestricted After-Tax Contribution Section of his Accounts;
 - (b) Such amounts as the Participant may elect from the Basic After-Tax Contribution Section of his Accounts; and
 - (c) Such amounts as a Participant who has at least 5 years of Service or a Participant who was employed by Employer prior to April 1, 1989, may elect from his Employer Accounts for the Matured Withdrawal Years. Any Participant not otherwise described above shall not be eligible to make withdrawals from his Employer Accounts.

In the event of a Regular Withdrawal from the Basic After-Tax Contribution section of a Participant's Accounts pursuant to subsection 8.3(b), such Participant's Contributions under the Plan shall be suspended for a period of 12 months following such withdrawal.

- 8.4 Distribution of Regular Withdrawals. Regular Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal may on Timely Notice elect to receive such distribution in the form of either a Lump Sum Distribution or a Lump Sum Optional Distribution.

[The following replaces section 8.4 effective September 1, 1994:]

8.4 Distribution of Regular Withdrawals. Regular Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution.

8.5 Miscellaneous.

- (a) Notwithstanding anything in this Article VIII to the contrary, the withdrawal provision of this Article VIII shall not apply for Terminated Participants.
- (b) In the event of the death, prior to his Settlement Date with respect to the withdrawal, of a Participant who has elected to make a withdrawal, and if the Committee has notice of the Participant's death prior to such distribution, then such withdrawal shall be deemed revoked. In the event of the death of a Participant on or after the Settlement Date with respect to which the Participant has elected to make a withdrawal, but prior to the actual distribution thereof, and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

ARTICLE XII

LIMITATIONS ON BENEFITS

12.1 Definitions and Rules:

- (a) Definitions: For purposes of Article XII, the following

definitions and rules of interpretation shall apply.

- (i) "Annual Additions" to a Participant's Accounts under this Plan is the sum, credited to a Participant's Accounts for any Limitation Year, of:
 - (A) Company contributions,
 - (B) forfeitures, if any, and
 - (C) Participant Contributions.
- (ii) "Annual Benefit" -
 - (A) A benefit which is payable annually in the form of a straight life annuity under a defined benefit plan maintained by the Company which is subject to the limitations of Code section 415; in the case of such a benefit which is not payable in the form of a straight life annuity, the benefit will be adjusted in accordance with Section 12.1(a)(ii)(C) below.
 - (B) When there is a transfer of assets or liabilities from one qualified plan to another, the Annual Benefit attributable to the assets transferred shall not be taken into account by the transferee plan in applying the limitations of Code section 415. The Annual Benefit payable on account of the transfer for any individual that is attributable to the assets transferred will be equal to the annual benefit transferred on behalf of such individual multiplied by a fraction, the numerator of which is the value of the total assets transferred and the denominator of which is the value of the total liabilities transferred.
 - (C) In the case of a retirement benefit under a defined benefit plan subject to the limitations of Code section 415(b) which is in any form other than a straight life annuity, such benefit will be adjusted to a straight life annuity beginning at the same age which is the actuarial equivalent of such benefit in

accordance with applicable regulations and rules determined by the Commissioner, but without taking into account:

- (1) the value of a qualified joint and survivor annuity (as defined in Code section 401(a)(11)(G)(iii) and the regulations thereunder) provided by a defined benefit plan to the extent that such value exceeds the sum of (a) the value of a straight life annuity beginning on the same date and (b) the value of any post-retirement death benefits which would be payable even if the annuity were not in the form of a joint and survivor annuity,
- (2) the value of benefits that are not directly related to retirement benefits (such as, but not limited to, pre-retirement disability and death benefits), and

- (3) the value of benefits provided by a defined benefit plan which reflect post-retirement cost of living increases to the extent that such increases are in accordance with Code section 415(d) and the regulations thereunder.
- (D) In the case of a retirement benefit beginning before the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.
- (E) If a Participant has less than 10 Years of Vesting Service with the Company at the time the Participant begins to receive retirement benefits under a defined benefit plan, the benefit limitations described in Code section 415(b)(1) and (4) are to be reduced by multiplying the otherwise applicable limitation by a fraction, the numerator of which is the number of Years of Vesting Service with the Company as of, and including,

the current Limitation Year, and the denominator of which is 10. For purposes of this paragraph (E), Years of Vesting Service shall be determined in accordance with such defined benefit plan.

- (F) In the case of a retirement benefit beginning after the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.
 - (G) For purposes of this Section, the "Social Security Retirement Age" shall mean the age used as the retirement age under section 216(1) of the Social Security Act, applied without regard to the age increase factor and as if the early retirement age under section 216(1)(2) of the Social Security Act were 62.
- (iii) "Company" - any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b) and modified by section 415(h)) or an affiliated service group (as defined in Code section 414(m)) which includes an Employer; any trades or businesses (whether or not incorporated) which are under common control (as defined in Code section 414(c) and modified by Code section 415(h)) with an Employer; or any other entity required to be aggregated with an Employer

pursuant to Code section 414(o).

(iv) "Compensation" with respect to a Limitation Year -

(A) includes amounts actually paid or made available to a Participant (regardless of whether he was such during the entire Limitation Year);

(1) as wages, salaries, fees for professional service, and other amounts received for personal services actually rendered in the course of employment with the Company including but not limited to commissions, compensation for services on the basis of a percentage of profits and bonuses;

(2) for purposes of (i) above, earned income from sources outside the United States (as defined in Code section 911(b)); whether or not excludable from gross income under Code section 911 or deductible under Code section 913;

(3) amounts described in Code sections 104(a)(3), 105(a) and 105(h) but only to the extent that these amounts are includable in the gross income of the Participant;

(4) amounts paid or reimbursed by the Company for moving expenses incurred by the Participant, but only to the extent that these amounts are not deductible by the Participant under Code section 217;

(5) value of a nonqualified stock option granted to the Participant, but only to the extent that the value of the option is includable in the gross income of the Participant in the taxable year in which granted;

(6) the amount includable in the gross income of a Participant upon making the election described in Code section 83(b).

(B) excludes -

(1) contributions made by the Company to a plan of deferred compensation to the extent that, before the application of the Code section 415 limitations to that plan, the contributions are not includable in the gross income of the Participant for the taxable year in which contributed and any distributions from a plan of deferred compensation, regardless of whether such amounts are includable in the gross income of the Participant when distributed; provided, however, any amounts received by a Participant pursuant to an unfunded nonqualified plan shall be considered as Compensation in the year such amounts are includable in the gross income of the Participant;

(2) amounts realized from the exercise of a nonqualified stock option, or recognized

when restricted stock (or property) held

by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture pursuant to Code section 83 and the regulations thereunder;

- (3) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option;
- (4) other amounts which receive special tax benefits such as premiums for group term life insurance (but only to the extent that the premiums are not includable in the gross income of the Participant); and
- (5) Compensation in excess of \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

(v) "Limitation Year" - a calendar year.

(vi) "Maximum Permissible Amount" -

- (A) for a Limitation Year, with respect to any Participant, subject to the rule in paragraph (B), the lesser of
 - (1) \$30,000 (or, if greater, 1/4 of the dollar limitation in effect under Code section 415(b)(1)(A)), or
 - (2) 25% of the Participant's Compensation for the Limitation Year.
- (B) As of January 1 of each calendar year, the dollar limitation set forth in subparagraph (A)(1) above shall be adjusted automatically for cost-of-living increases to equal the dollar limitation as determined by the Commissioner for that calendar year under Code section 415(d)(1)(B). This adjusted dollar limitation applies for the Limitation Year ending with that calendar year.

(vii) "Projected Annual Benefit" - the Annual Benefit to which a Participant would be entitled under a defined benefit plan maintained by the Company on the assumptions that he or she continues employment until the normal retirement age (or current age, if that is later) thereunder, that his or her Compensation continues at the same rate as in effect for the Limitation Year under consideration

until such age, and that all other relevant factors used to determine benefits under the Plan remain

constant as of the current Limitation Year for all future Limitation Years.

- (b) Other Rule. For purposes of applying the limitations of Code section 415(b), (c) and (e) applicable to a Participant for a particular Limitation Year, all qualified defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as part of this Plan and all qualified defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as one defined benefit plan.

12.2 Limits:

- (a) Annual Addition Limit. The amount of the Annual Addition which may be credited under this Plan to any Participant's Accounts as of any allocation date shall not exceed the Maximum Permissible Amount (based upon his Compensation up to such allocation date) reduced by the sum of any Annual Additions made to the Participant's Accounts under this Plan as of any preceding allocation date within the Limitation Year. If an allocation date of this Plan coincides with an allocation date of any other qualified defined contribution plan maintained by the Company, the amount of the Annual Additions which may be credited under this Plan to any Participant's Accounts as of such date shall be an amount equal to the product of the amount to be credited under this Plan without regard to this Section 12.2 multiplied by the lesser of 1.0 or a fraction, the numerator of which is the amount described in this subsection (a) of Section 12.2 during the Limitation Year and the denominator of which is the amount that would otherwise be credited on this allocation date under all plans without regard to this Section 12.2. If contributions to this Plan by or on behalf of a Participant are to be reduced as a result of this Section 12.2, such reduction shall be effected by first reducing any Unrestricted After-Tax Contributions and then, if necessary, by proportionately reducing Company Matching Contributions and any Basic After-Tax Contributions. If as a result of a reasonable error in estimating a Participant's Compensation, or under the limited facts and circumstances which the Commissioner finds justify the availability of the rules set forth in this Section 12.2, the allocation of Annual Additions under the terms of the Plan for a particular Participant would cause the limitations of Code section 415 applicable to that Participant for the Limitation Year to be exceeded, the excess amounts shall not be deemed

to be Annual Additions in that Limitation Year if they are treated as follows:

- (i) The excess amounts in the Participant's Account consisting of Participant Contributions and any increment attributable thereto shall be paid to the Participant as soon as administratively feasible.
- (ii) The excess amounts in the Participant's Account consisting of Company Matching Contributions shall be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for that Participant if that Participant is covered by the Plan as of the end of the Limitation Year. However, if that Participant is not covered by the Plan as of the end of the Limitation Year then the

excess amounts must be held unallocated in a suspense account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Participants in the Plan. If a suspense account is in existence at any time during a particular Limitation Year, other than the first Limitation Year described in the preceding sentence, all amounts in the suspense account must be allocated and reallocated to Participant's Accounts (subject to the limitations of Code section 415) before any Company Matching Contributions and Participant Contributions which would constitute Annual Additions may be made to the Plan for that Limitation Year and such excess amounts must be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Plan Years, as necessary) for all of the remaining Participants in the Plan. For purposes of this subdivision, excess amounts may not be distributed to Participants or former Participants.

- (iii) In the event of termination of the Plan the suspense account described in (ii) above shall revert to the Employer to the extent it may not then be allocated to any Participant's Account.
- (iv) Notwithstanding any other provision in this Section 12.2, the Employer shall not contribute any amount that would cause an allocation to the suspense account as of the date the contribution is allocated. If the contribution is made prior to the date as of which it is to be allocated, then such contribution shall not exceed an amount that would cause an allocation to the suspense account if the date of contribution were an allocation date.

- (b) Overall Limit. For any Participant of this Plan who at any time participated in a defined benefit plan maintained by the Company, the rate of benefit accrual by such Participant in each defined benefit plan in which the Participant participates during the Limitation Year will be reduced to the extent necessary to prevent the sum of the following fractions, computed as of the close of the Limitation Year, from exceeding 1.0:

- (i) The Projected Annual Benefit of the Participant under the defined benefit plan

over

The lesser of (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(b)(1)(A) for such Limitation Year or (2) the product of 1.4 multiplied by the amount which may be taken into account under Code section 415(b)(1)(B) with respect to such Participant for such Limitation Year,

plus

- (ii) The sum of Annual Additions to such Participant's Accounts under this Plan in such Limitation Year and for all prior Limitation Years

over

The sum of the lesser of the following amounts

determined for such year and for each prior year of service with the Company: (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(c)(1)(A) for such Limitation Year or (2) the product of 1.4 multiplied by 25% of the Participant's Compensation for such Limitation Year.

(c) Special Rules Applicable to Computation of Overall Limit.

- (i) For purposes of applying the defined contribution plan fraction in Section 12.2(b), for any Limitation Year beginning after December 31, 1975, the following rules shall apply with respect to Limitation Years before January 1, 1976:
 - (A) The aggregate amount taken into account in determining the numerator of such fraction is deemed not to exceed the aggregate amount taken into account in determining the denominator of the fraction.
 - (B) The amount taken into account for purposes of subsection 12.1(a)(i)(C)(1) is an amount equal to the excess of the aggregate amount of the Participant's contributions for such years during which he was an active participant in the Plan over 10% of the Participant's aggregate Compensation for all such years, multiplied by a fraction, the numerator of which is 1.0 and the denominator of which is the number of years beginning before January 1, 1976, during which the Participant participated in the Plan. Participant contributions made on or after October 2, 1973, shall be taken into account for purposes of the preceding sentence only to the extent that the amount of such contributions was permissible under a plan as in effect on that date.
- (ii) In any case where the sum of the fractions in Section 12.2(b) is greater than 1.0 calculated as of the close of the last Limitation Year beginning before January 1, 1983 for a Participant in accordance with regulations prescribed by the Commissioner pursuant to Section 235(g)(3) of the Tax Equity and Fiscal Responsibility Act of 1982, an amount shall be subtracted from the numerator of the defined contribution plan fraction so that the sum of such fractions does not exceed 1.0 for such Limitation Year.

KIMBERLY-CLARK CORPORATION
SALARIED EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE III

(As amended through May 24, 1994)

(Corinth Mills)

With respect to the Participating Unit under this Schedule, as set forth in Appendix A, the Plan shall apply with full force and effect except that Articles II, III, IV, VI, VIII and XII of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) Base Salary Rate: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of regular earnings while a Participant. Base Salary Rate shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Salary Rate under the Plan shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) Board: The Board of Directors of the Corporation.
- (h) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (i) Commissioner: The Commissioner of the Internal Revenue Service.
- (j) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.

(r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions

- (i) he is an Employee on the regular payroll of an Employer;
- (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
- (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.

- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (11) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or

- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.
- (nn) Lump Sum Distribution: As defined in subsection 7.3(a).
- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee has completed an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires, or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board of Directors of the Corporation) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from

Service Date.

- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).
- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).
- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each 12 calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:
 - (i) August 1, 1967 to July 31, 1968
 - (ii) August 1, 1968 to July 31, 1969
 - (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Regular Unrestricted After-Tax Contributions: After-Tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (zz) Service: Regular employment with the Corporation, a Subsidiary or any Equity Company.
- (aaa) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (bbb) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ccc) Special Unrestricted After-Tax Contributions: Special Contributions which are made under subsection 3.2(c).
- (ddd) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (eee) Terminated Participant: A Participant who has

terminated his employment with an Employer and the aggregate value of the Participant's Accounts exceeds \$3,500 and who has not elected to receive a distribution under the Plan.

- (fff) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (ggg) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service (other than temporary absence on military leave) if the

Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,

- (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (hhh) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (iii) Trust: The Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (jjj) Trustee: The trustee under the Trust.
- (kkk) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (lll) Valuation Date: The last day of each month.
- (mmm) Withdrawal Year: As defined in Section 8.1.
- (nnn) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of

[The following replaces section 2.1 effective September 1, 1994:]

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions (including amounts recharacterized as Basic After-Tax Contributions under subsection 3.5(b)(iii)), and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year (but only to the extent that such Contributions and Company Matching Contributions are not considered for purposes of Section 2.1(c) hereof), together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For the purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) All Cash Distribution: As defined in subsection 7.3(c).

- (e) All Stock Distribution: As defined in subsection 7.3(a).
- (f) Base Salary Rate: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of regular earnings while a Participant. Base Salary Rate shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Salary Rate under the Plan shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation, or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) Board: The Board of Directors of the Corporation.
- (j) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (k) Commissioner: The Commissioner of the Internal Revenue Service.
- (l) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (n) Contributions: Amounts deposited under the Plan by or on behalf of Participants as provided in Article III.
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.

- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (v), (w), (x) and (y) of this Section 2.1.

- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of this Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of

America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.

- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).
- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

(oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.

(pp) Matured Withdrawal Year: As defined in Section 8.2.

(qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for

any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of

the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

(i) August 1, 1967 to July 31, 1968

(ii) August 1, 1968 to July 31, 1969

(iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

(yy) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).

(zz) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.

(aaa) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes

of Article VIII.

- (bbb) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g., disability, leave of absence, or layoff, etc.)
- (ccc) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (ddd) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (jjj) Trust: The Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.

(111) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan, and any Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, contributed prior to April 1, 1990, on account of which a Company Matching Contribution was made to this Plan on behalf of a Participant who was employed prior to April 1, 1989.

(mmm) Valuation Date: The last day of each month.

(nnn) Withdrawal Year: As defined in Section 8.1.

(ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE III

PARTICIPATION, CONTRIBUTIONS, AND ALLOCATIONS

3.1 Election to Participate. An Eligible Employee's election to participate in the Plan shall, if given on Timely Notice,

(i) be effective as of the first Entry Date following his election, and

(ii) remain in effect as a valid election to participate for each successive Plan Year.

An election to participate by an Eligible Employee who, immediately prior to becoming an Eligible Employee, was a participant under the Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan shall be effective as soon as administratively feasible upon exercising his election.

3.2 Amount of Contributions by Participants.

(a) Basic After-Tax Contributions: During each Plan Year Basic After-Tax Contributions shall be made by a Participant for deposit to his Account in an amount

(i) which is elected by him on Timely Notice, and

(ii) which, pursuant to his election, is either 2%, 3%, 4%, 5% or 6% of his Base Salary Rate.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice a Participant may change his election effective as of the first day of any month.

[The following replaces section 3.2(a) effective January 1, 1995:]

(a) Basic After-Tax Contributions. During each Plan Year, Basic After-Tax Contributions shall be made by a Participant for deposit to his Account in an amount

(i) which is elected by him on Timely Notice, and

(ii) which, pursuant to his election, is either 1%, 2%, 3%, 4%, 5% or 6% of his Base Salary Rate.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice, a Participant may change his election effective as of the first day of any month.

(b) Regular Unrestricted After-Tax Contributions.

- (i) A Participant may elect on Timely Notice to make Regular Unrestricted After-Tax Contributions to his Account in any whole percentage equal to an amount which is not less than 1% of his Base Salary Rate and not more than 6% of his Base Salary Rate.
 - (ii) An election to make Regular Unrestricted After-Tax Contributions by regular payroll deduction shall remain in effect for so long as a Participant is eligible to make Regular Unrestricted After-Tax Contributions or, if earlier, until changed by a Participant. A Participant may change such election on Timely Notice effective as of the first day of any month.
 - (iii) Regular Unrestricted After-Tax Contributions will not be taken into account in determining the amount of Company Matching Contributions made on behalf of Participants.
- (c) Special Unrestricted After-Tax Contributions. Once each Plan Year a Participant may elect to make a Special Unrestricted After-Tax Contribution in excess of the amount elected under subsection 3.2(b)(i) in an amount
- (i) which is elected by him on Timely Notice,
 - (ii) which, when added to the total of Regular Unrestricted After-Tax Contributions made by the Participant to date in the Plan Year, would not exceed 6% of his Base Salary Rate for those periods to date in such Plan Year during which Basic After-Tax Contributions have been made;
 - (iii) which shall only be made in cash; and
 - (iv) which will not be taken into account in determining the amount of Company Matching Contributions made on behalf of the Participant.

3.3 General Limitation: Notwithstanding any other provision of this Article III, no Contribution shall be made to the Plan which would cause the Plan to fail to meet the requirements for exemption from tax or to violate any provisions of the Code.

3.4 Allocation of Contributions by Participants.

Basic After-Tax Contributions and Unrestricted After-Tax Contributions: On Timely Notice a Participant shall elect to allocate in whole multiples of 1% all of his Basic After-Tax

Contributions and Unrestricted After-Tax Contributions to be made during a Plan Year to one or more of

- (i) the Government Fund,
- (ii) the Diversified Fund,
- (iii) the Fixed Income Fund, or
- (iv) the K-C Stock Fund.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice a Participant may change his election effective as of the first day of any month.

3.5 Suspension of All Contributions. On Timely Notice and notwithstanding the provisions of Section 3.2, a Participant may elect to suspend, effective reasonably soon after such notice is given as established by Committee rule, all of his

Contributions. On Timely Notice, a Participant may elect to resume such Contributions, or have such Contributions resumed, as of any Entry Date, provided, however, that any such suspension must be for a period of not less than three months.

A Participant's Contributions and Contributions made on his behalf shall be automatically suspended commencing with and continuing throughout any period during which he fails to qualify as an Eligible Employee. On Timely Notice upon requalifying as an Eligible Employee a Participant may elect to make Contributions to his Accounts as soon as administratively possible.

3.6 Payment of Contributions to Trustee. The Employers shall contribute or remit to the Trustee as soon as practicable after the end of each month the amounts withheld from the Participants' compensation during the month as Contributions under the Plan.

3.7 Reallocation of Participant's Accounts. A Participant who has remained a Participant for at least three months may on Timely Notice elect to reallocate, effective as of the first Valuation Date following his election, all or any whole percentage portion of any of his Employee Accounts or Employer Accounts or both, provided he has not elected a reallocation within the preceding three months; provided, however, that a three month period that begins at the end of a Plan Year shall not be more than ninety (90) days.

3.8 Redeposits and Restored Amounts.

(a) Notwithstanding any provision in this Plan to the contrary, on Timely Notice, an Employee who has forfeited all or a portion of his Employer Accounts may, within 5 years of the date of the distribution or withdrawal which caused such forfeiture, redeposit such

distribution or withdrawal, and upon such redeposit, the amount of the forfeiture associated with the redeposit shall be restored to the Employee's Employer Stock Account (and to the Withdrawal Year) from which it was forfeited. Redeposits shall be allocated to the Plan funds in the same manner as Basic After-Tax Contributions made by the Participant. Redeposits shall be made on a Withdrawal Year by Withdrawal Year basis, beginning with the most remotely ended Withdrawal Year, and the amount redeposited for any Withdrawal Year shall be equal to the amount distributed or withdrawn which caused the forfeiture for that Withdrawal Year.

For an Employee hired after March 31, 1989, the amount redeposited shall be equal to the total amount distributed or withdrawn which caused the forfeiture.

(b) No redeposit of a withdrawal or distribution shall be permitted if, coincident with or subsequent to the forfeiture associated with that withdrawal or distribution, an Employee incurs 5 consecutive One-Year Periods of Severance. For Plan Years prior to April 1, 1989, and for purposes of this Section 3.8 only, an Employee incurs a One-Year Period of Severance if he is not an Employee on the last day of a Plan Year.

(c) Where applicable, if an Employee receives such a distribution or makes a withdrawal that results in a forfeiture, and if such Employee does not make a redeposit of such amount within the same Plan Year, any Plan Year between the Plan Year of distribution or withdrawal and the Plan Year of redeposit (including the

Plan Year of distribution or withdrawal but not including the Plan Year of redeposit) shall not be counted in determining when the restored amounts are attributable to a Withdrawal Year or Matured Withdrawal Years.

- (d) Notwithstanding the preceding provision, a Participant who is entitled to no portion of his Employer Account upon termination of employment shall be deemed to have received a distribution of zero dollars (\$0) from such account at the earliest possible date provided under Section 7.2.
- (e) Any forfeiture from the Basic After-Tax Contribution section of his Employer Accounts under subsection 7.1(f) and the applicable years of Service shall be restored in accordance with the provisions of this Section 3.8 if the Terminated Participant returns to his employment with an Employer prior to incurring 5 consecutive One-Year Periods of Severance.

ARTICLE IV

EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.3, Company Matching Contributions for each Plan Year shall be 50% of Basic After-Tax Contributions for that Plan Year allocated to the K-C Stock Fund and 20% of Basic After-Tax Contributions for that Plan Year allocated to the Government Fund, the Diversified Fund or the Fixed Income Fund.

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

- 4.2 Allocation and Payment of Company Matching Contributions. Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce

Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.3 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if, in its opinion, the Corporation's

consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.4 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of

(A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or

(B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year (if any) in excess

of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.4(a)(i) shall be determined in the manner set forth in subsection 4.4(a)(iii).

- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month

shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.4(a)(i)

above.

ARTICLE VI

INVESTMENT, PARTICIPANT'S ACCOUNTS, AND VOTING OF STOCK

6.1 Investment of Contributions.

- (a) A Participant's Contributions during each Plan Year shall be invested in the various funds in accordance with the Participant's allocations under Section 3.4. A Participant's interest arising from his reallocation for prior Plan Years shall be invested in the various funds in accordance with the Participant's directions under Section 3.7. Company Matching Contributions during each Plan Year shall be invested in the K-C Stock Fund. All such investments and gains or losses related thereto shall be allocated to each Participant's Accounts pursuant to the provisions of Section 6.2.
- (b) The Committee shall designate Participants' Contributions and Company Matching Contributions for payment to the Trustee for investment, and Employee Accounts and Employer Accounts for reallocation in accordance with subsection 6.1(a), and shall advise the Trustee of such designation.

6.2 Participant's Accounts.

- (a) Establishment of Accounts. Each Participant shall have established and maintained for him separate Accounts which, depending upon the allocation and reallocation options he has selected, shall consist of Employee Accounts and Employer Accounts in one or more of the Government Fund, the Diversified Fund, the Fixed Income Fund, and the K-C Stock Fund. Each such Employee Account shall be subdivided into a Basic After-Tax Contribution and Unrestricted After-Tax Contribution Section. Each such Employer Account shall be subdivided into subsections corresponding to the Sections of the Employee Accounts, other than the Unrestricted After-Tax Contribution Section.

As soon as practicable following the end of each Plan Year, the Committee will cause an annual statement to be prepared for each Participant which will reflect the status of the Participant's Accounts in such form as shall be prescribed by the Committee.

- (b) Separation of Accounts. Each Participant's Accounts shall be further separated and maintained as Withdrawal Years and Matured Withdrawal Years as set forth in Sections 8.1 and 8.2.
- (c) Crediting of Accounts. As of the close of business on each Valuation Date the designated Accounts of each Participant shall be appropriately credited with the amounts of his Contributions, or the reallocation of his other Accounts, if any, and his Employer Stock Account shall be credited with the amount of any Company Matching Contributions with respect to him. All such Participants' Contributions, reallocations and Company Matching Contributions with respect to any month shall be considered as having been made on the Valuation Date but subsequent to the valuation for such month provided for in subsection 6.2(d).
- (d) Valuation of Accounts. Each Participant's Accounts shall be valued and adjusted monthly to preserve for each Participant his proportionate interest in the related funds. As of each Valuation Date each of the Accounts of each Participant shall be adjusted to reflect the effect of income, collected and accrued, realized and unrealized profits and losses, expenses and all other transactions with respect to the related fund as follows:
 - (i) The Current Market Value of the assets held in each of the funds shall be determined by the Trustee, and
 - (ii) The separate balances provided for in subsection 6.2(b) of each Participant's Account under each of the related funds shall be adjusted by multiplying by the ratio that the Current Market Value of such fund as determined under subsection 6.2(d)(i) bears to the aggregate of the Account balances under such fund.

- 6.3 Stock Rights, Stock Splits and Stock Dividends. A Participant shall have no right of request, direction or demand upon the Committee or the Trustee to exercise in his behalf rights to purchase shares of Corporation Stock or other securities of the Corporation. The Trustee, at the direction of the Committee, shall exercise or sell any rights

to purchase shares of Corporation Stock appertaining to shares of such stock held by the Trustee and shall sell at the direction of the Committee any rights to purchase other securities of the Corporation appertaining to shares of Corporation Stock held by the Trustee. The Accounts of Participants shall be appropriately credited. Shares of Corporation Stock received by the Trustee by reason of a stock split or a stock dividend shall be appropriately allocated to the Accounts of the Participants.

- 6.4 Voting of Corporation Stock. A Participant (or in the case of his death, his Beneficiary) may direct the voting at each annual meeting and at each special meeting of the

stockholders of the Corporation of that number of whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account and his Employee Stock Account as of the Valuation Date preceding the record date for such meeting. Each such Participant (or Beneficiary) will be provided with copies of pertinent proxy solicitation material together with a request for the Participant's confidential instructions as to how such shares are to be voted. The Committee shall direct the Trustee to vote such shares in accordance with such instructions and shall also direct the Trustee how to vote any shares of Corporation Stock at any meeting for which it has not received, or is not subject to receiving such voting instructions.

- 6.5 Tender Offers. A Participant (or in the event of his death, his Beneficiary) may direct the Trustee in writing how to respond to a tender or exchange offer for any or all whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account and his Employee Stock Account as of the Valuation Date preceding such offer. The Committee shall notify each Participant (or Beneficiary) and exert its best efforts to timely distribute or cause to be distributed to him such information as will be distributed to stockholders of the Corporation in connection with any such tender or exchange offer. Upon receipt of such instructions, the Trustee shall tender such shares of Corporation Stock as and to the extent so instructed. If the Trustee shall not receive instructions from a Participant (or Beneficiary) regarding any such tender or exchange offer for such shares of Corporation Stock (or shall receive instructions not to tender or exchange such shares), the Trustee shall have no discretion in such matter and shall take no action with respect thereto. With respect to shares of Corporation Stock in the K-C Stock Fund for which the Trustee is not subject to receiving such instructions, however, the Trustee shall tender such shares in the same ratio as the number of shares for which it receives instructions to tender bears to the total number of shares for which it is subject to receiving instructions, and shall have no discretion in such matter and shall take no action with respect thereto other than as specifically provided in this sentence.

ARTICLE VIII

FORMATION OF WITHDRAWAL YEAR AND MATURED WITHDRAWAL YEAR; WITHDRAWALS DURING EMPLOYMENT

- 8.1 Withdrawal Years. A Withdrawal Year shall be formed under the Plan for the Company Matching Contributions made for each Plan Year. Each Withdrawal Year shall be and continue to be identified separately up to the first day of the Plan Year commencing with the third anniversary of its conclusion.
- 8.2 Matured Withdrawal Years. A separately identified Matured Withdrawal Year shall be formed under the Plan to include all amounts held in the Participants' Employer Accounts as of the first day of the Plan Year commencing with the third anniversary of each Withdrawal Year.
- 8.3 Regular Withdrawals. A Participant, subject to the conditions stated below, may make the following Regular Withdrawals:
- (a) Such amounts as the Participant may elect from the Unrestricted After-Tax Contribution Section of his Accounts;
 - (b) Such amounts as the Participant may elect from the Basic After-Tax Contribution Section of his Accounts; and
 - (c) Such amounts as a Participant who has at least 5 years of Service or a Participant who was employed by Employer prior to April 1, 1989, may elect from his Employer Accounts for the Matured Withdrawal Years. Any Participant not otherwise described above shall not be eligible to make withdrawals from his Employer Accounts.

In the event of a Regular Withdrawal from the Basic After-Tax Contribution section of a Participant's Accounts pursuant to subsection 8.3(b), such Participant's Contributions under the Plan shall be suspended for a period of 12 months following such withdrawal.

- 8.4 Distribution of Regular Withdrawals. Regular Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal may on Timely Notice elect to receive such distribution in the form of either a Lump Sum Distribution or a Lump Sum Optional Distribution.

[The following replaces section 8.4 effective September 1, 1994:]

- 8.4 Distribution of Regular Withdrawals. Regular Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for

such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution.

8.5 Miscellaneous.

- (a) Notwithstanding anything in this Article VIII to the contrary, the withdrawal provision of this Article VIII shall not apply for Terminated Participants.
- (b) In the event of the death, prior to his Settlement Date with respect to the withdrawal, of a Participant who has elected to make a withdrawal, and if the Committee has notice of the Participant's death prior to such distribution, then such withdrawal shall be deemed revoked. In the event of the death of a Participant on or after the Settlement Date with respect to which the Participant has elected to make a withdrawal, but prior to the actual distribution thereof, and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

ARTICLE XII

LIMITATIONS ON BENEFITS

12.1 Definitions and Rules:

- (a) Definitions: For purposes of Article XII, the following definitions and rules of interpretation shall apply.
 - (i) "Annual Additions" to a Participant's Accounts under this Plan is the sum, credited to a Participant's Accounts for any Limitation Year, of:
 - (A) Company contributions,
 - (B) forfeitures, if any, and
 - (C) Participant Contributions.

(ii) "Annual Benefit" -

- (A) A benefit which is payable annually in the form of a straight life annuity under a defined benefit plan maintained by the Company which is subject to the limitations of Code section 415; in the case of such a benefit which is not payable in the form of a straight life annuity, the benefit will be adjusted in accordance with Section 12.1(a)(ii)(C) below.
- (B) When there is a transfer of assets or liabilities from one qualified plan to another, the Annual Benefit attributable to the assets transferred shall not be taken into account by the transferee plan in applying the limitations of Code section 415. The Annual Benefit payable on account of the transfer for any individual that is attributable to the assets transferred will be equal to the annual benefit transferred on behalf of such individual multiplied by a fraction, the numerator of which is the value of the total assets transferred and the denominator of which is the value of the total liabilities transferred.
- (C) In the case of a retirement benefit under a defined benefit plan subject to the limitations of Code section 415(b) which is in any form other than a straight life annuity, such benefit will be adjusted to a straight life annuity beginning at the same age which is the actuarial equivalent of such benefit in

accordance with applicable regulations and rules determined by the Commissioner, but without taking into account:

- (1) the value of a qualified joint and survivor annuity (as defined in Code section 401(a)(11)(G)(iii) and the regulations thereunder) provided by a defined benefit plan to the extent that such value exceeds the sum of (a) the value of a straight life annuity beginning on the same date and (b) the value of any post-retirement death benefits which would be payable even if the annuity were not in the form of a joint and survivor annuity,
 - (2) the value of benefits that are not directly related to retirement benefits (such as, but not limited to, pre-retirement disability and death benefits), and
 - (3) the value of benefits provided by a defined benefit plan which reflect post-retirement cost of living increases to the extent that such increases are in accordance with Code section 415(d) and the regulations thereunder.
- (D) In the case of a retirement benefit beginning before the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial

equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.

- (E) If a Participant has less than 10 Years of Vesting Service with the Company at the time the Participant begins to receive retirement benefits under a defined benefit plan, the benefit limitations described in Code section 415(b)(1) and (4) are to be reduced by multiplying the otherwise applicable limitation by a fraction, the numerator of which is the number of Years of Vesting Service with the Company as of, and including,

the current Limitation Year, and the denominator of which is 10. For purposes of this paragraph (E), Years of Vesting Service shall be determined in accordance with such defined benefit plan.

- (F) In the case of a retirement benefit beginning after the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.

- (G) For purposes of this Section, the "Social Security Retirement Age" shall mean the age used as the retirement age under section 216(1) of the Social Security Act, applied without regard to the age increase factor and as if the early retirement age under section 216(1)(2) of the Social Security Act were 62.

- (iii) "Company" - any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b) and modified by section 415(h)) or an affiliated service group (as defined in Code section 414(m)) which includes an Employer; any trades or businesses (whether or not incorporated) which are under common control (as defined in Code section 414(c) and modified by Code section 415(h)) with an Employer; or any other entity required to be aggregated with an Employer pursuant to Code section 414(o).

- (iv) "Compensation" with respect to a Limitation Year -

- (A) includes amounts actually paid or made available to a Participant (regardless of whether he was such during the entire Limitation Year);

- (1) as wages, salaries, fees for professional service, and other amounts received for personal services actually rendered in

the course of employment with the Company including but not limited to commissions, compensation for services on the basis of a percentage of profits and bonuses;

- (2) for purposes of (i) above, earned income from sources outside the United States (as defined in Code section 911(b)); whether or not excludable from gross income under Code section 911 or deductible under Code section 913;
 - (3) amounts described in Code sections 104(a)(3), 105(a) and 105(h) but only to the extent that these amounts are includable in the gross income of the Participant;
 - (4) amounts paid or reimbursed by the Company for moving expenses incurred by the Participant, but only to the extent that these amounts are not deductible by the Participant under Code section 217;
 - (5) value of a nonqualified stock option granted to the Participant, but only to the extent that the value of the option is includable in the gross income of the Participant in the taxable year in which granted;
 - (6) the amount includable in the gross income of a Participant upon making the election described in Code section 83(b).
- (B) excludes -
- (1) contributions made by the Company to a plan of deferred compensation to the extent that, before the application of the Code section 415 limitations to that plan, the contributions are not includable in the gross income of the Participant for the taxable year in which contributed and any distributions from a plan of deferred compensation, regardless of whether such amounts are includable in the gross income of the Participant when distributed; provided, however, any amounts received by a Participant pursuant to an unfunded nonqualified plan shall be considered as Compensation in the year such amounts are includable in the gross income of the Participant;
 - (2) amounts realized from the exercise of a nonqualified stock option, or recognized when restricted stock (or property) held

by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture pursuant to Code section 83 and the regulations thereunder;

- (3) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option;
- (4) other amounts which receive special tax benefits such as premiums for group term life insurance (but only to the extent that the premiums are not includable in the gross income of the Participant); and
- (5) Compensation in excess of \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

(v) "Limitation Year" - a calendar year.

(vi) "Maximum Permissible Amount" -

- (A) for a Limitation Year, with respect to any Participant, subject to the rule in paragraph (B), the lesser of
 - (1) \$30,000 (or, if greater, 1/4 of the dollar limitation in effect under Code section 415(b)(1)(A)), or
 - (2) 25% of the Participant's Compensation for the Limitation Year.
- (B) As of January 1 of each calendar year, the dollar limitation set forth in subparagraph (A)(1) above shall be adjusted automatically for cost-of-living increases to equal the dollar limitation as determined by the Commissioner for that calendar year under Code section 415(d)(1)(B). This adjusted dollar limitation applies for the Limitation Year ending with that calendar year.

(vii) "Projected Annual Benefit" - the Annual Benefit to which a Participant would be entitled under a defined benefit plan maintained by the Company on the assumptions that he or she continues employment until the normal retirement age (or current age, if that is later) thereunder, that his or her Compensation continues at the same rate as in effect for the Limitation Year under consideration

until such age, and that all other relevant factors used to determine benefits under the Plan remain constant as of the current Limitation Year for all future Limitation Years.

- (b) Other Rule. For purposes of applying the limitations of Code section 415(b), (c) and (e) applicable to a Participant for a particular Limitation Year, all qualified defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as part of this Plan and all qualified defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as one defined benefit plan.

12.2 Limits:

- (a) Annual Addition Limit. The amount of the Annual Addition which may be credited under this Plan to any Participant's Accounts as of any allocation date shall not exceed the Maximum Permissible Amount (based upon his Compensation up to such allocation date) reduced by the sum of any Annual Additions made to the Participant's Accounts under this Plan as of any preceding allocation date within the Limitation Year. If an allocation date of this Plan coincides with an allocation date of any other qualified defined contribution plan maintained by the Company, the amount of the Annual Additions which may be credited under this Plan to any Participant's Accounts as of such date shall be an amount equal to the product of the amount to be credited under this Plan without regard to this Section 12.2 multiplied by the lesser of 1.0 or a fraction, the numerator of which is the amount described in this subsection (a) of Section 12.2 during the Limitation Year and the denominator of which is the amount that would otherwise be credited on this allocation date under all plans without regard to this Section 12.2. If contributions to this Plan by or on behalf of a Participant are to be reduced as a result of this Section 12.2, such reduction shall be effected by first reducing any Unrestricted After-Tax Contributions and then, if necessary, by proportionately reducing Company Matching Contributions and any Basic After-Tax Contributions. If as a result of a reasonable error in estimating a Participant's Compensation, or under the limited facts and circumstances which the Commissioner finds justify the availability of the rules set forth in this Section 12.2, the allocation of Annual Additions under the terms of the Plan for a particular Participant would cause the limitations of Code section 415 applicable to that Participant for the Limitation Year to be exceeded, the excess amounts shall not be deemed

to be Annual Additions in that Limitation Year if they are treated as follows:

- (i) The excess amounts in the Participant's Account consisting of Participant Contributions and any increment attributable thereto shall be paid to the Participant as soon as administratively feasible.
- (ii) The excess amounts in the Participant's Account consisting of Company Matching Contributions shall be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for that Participant if that Participant is covered by the Plan as of the end of the Limitation Year. However, if that Participant is not covered by the Plan as of the end of the Limitation Year then the excess amounts must be held unallocated in a suspense account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Participants in the Plan. If a suspense account is in existence at any time during a particular Limitation Year, other than the first Limitation Year described in the preceding sentence, all amounts in the suspense account must be allocated and reallocated to Participant's Accounts (subject to the limitations of Code section 415) before any Company Matching Contributions and Participant Contributions which

would constitute Annual Additions may be made to the Plan for that Limitation Year and such excess amounts must be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Plan Years, as necessary) for all of the remaining Participants in the Plan. For purposes of this subdivision, excess amounts may not be distributed to Participants or former Participants.

- (iii) In the event of termination of the Plan the suspense account described in (ii) above shall revert to the Employer to the extent it may not then be allocated to any Participant's Account.
- (iv) Notwithstanding any other provision in this Section 12.2, the Employer shall not contribute any amount that would cause an allocation to the suspense account as of the date the contribution is allocated. If the contribution is made prior to the date as of which it is to be allocated, then such contribution shall not exceed an amount that would cause an allocation to the suspense account if the date of contribution were an allocation date.

- (b) Overall Limit. For any Participant of this Plan who at any time participated in a defined benefit plan maintained by the Company, the rate of benefit accrual by such Participant in each defined benefit plan in which the Participant participates during the Limitation Year will be reduced to the extent necessary to prevent the sum of the following fractions, computed as of the close of the Limitation Year, from exceeding 1.0:

- (i) The Projected Annual Benefit of the Participant under the defined benefit plan

over

The lesser of (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(b)(1)(A) for such Limitation Year or (2) the product of 1.4 multiplied by the amount which may be taken into account under Code section 415(b)(1)(B) with respect to such Participant for such Limitation Year,

plus

- (ii) The sum of Annual Additions to such Participant's Accounts under this Plan in such Limitation Year and for all prior Limitation Years

over

The sum of the lesser of the following amounts determined for such year and for each prior year of service with the Company: (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(c)(1)(A) for such Limitation Year or (2) the product of 1.4 multiplied by 25% of the Participant's Compensation for such Limitation Year.

- (c) Special Rules Applicable to Computation of Overall Limit.

- (i) For purposes of applying the defined contribution

plan fraction in Section 12.2(b), for any Limitation Year beginning after December 31, 1975, the following rules shall apply with respect to Limitation Years before January 1, 1976:

(A) The aggregate amount taken into account in determining the numerator of such fraction is deemed not to exceed the aggregate amount taken into account in determining the denominator of the fraction.

(B) The amount taken into account for purposes of subsection 12.1(a)(i)(C)(1) is an amount equal to the excess of the aggregate amount of the Participant's contributions for such years during which he was an active participant in the Plan over 10% of the Participant's aggregate Compensation for all such years, multiplied by a fraction, the numerator of which is 1.0 and the denominator of which is the number of years beginning before January 1, 1976, during which the Participant participated in the Plan. Participant contributions made on or after October 2, 1973, shall be taken into account for purposes of the preceding sentence only to the extent that the amount of such contributions was permissible under a plan as in effect on that date.

(ii) In any case where the sum of the fractions in Section 12.2(b) is greater than 1.0 calculated as of the close of the last Limitation Year beginning before January 1, 1983 for a Participant in accordance with regulations prescribed by the Commissioner pursuant to Section 235(g)(3) of the Tax Equity and Fiscal Responsibility Act of 1982, an amount shall be subtracted from the numerator of the defined contribution plan fraction so that the sum of such fractions does not exceed 1.0 for such Limitation Year.

KIMBERLY-CLARK CORPORATION HOURLY
EMPLOYEES INCENTIVE INVESTMENT PLAN

(As amended through May 24, 1994)

ARTICLE I

NAME, PURPOSE AND EFFECTIVE DATE OF PLAN

This Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan (the "Plan") has been adopted effective August 1, 1967. Its purpose is to promote the interests of the Corporation and its stockholders by encouraging Eligible Employees to arrange for personal investment programs which, depending upon the success of the Corporation, will be augmented by Company Matching

Contributions. It provides each Eligible Employee with an opportunity to become a stockholder of the Corporation. To comply with the applicable requirements of the Tax Reform Act of 1986, the Plan has been restated in its entirety effective March 31, 1993, except as otherwise provided in Section 11.12 hereof. [The following sentence is effective September 1, 1994:] The Plan is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) **Board:** The Board of Directors of the Corporation.
- (h) **Code:** The Internal Revenue Code of 1986, as amended from time to time.
- (i) **Commissioner:** The Commissioner of the Internal Revenue Service.

- (j) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the

Fixed Income Fund which is attributable to Company Matching Contributions.

- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (ll) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee.

Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund

is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.

- (nn) Lump Sum Distribution: As defined in subsection 7.3(a).
- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).
- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).
- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968

- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (zz) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (aaa) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (bbb) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ccc) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (ddd) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (eee) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (fff) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (ggg) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (hhh) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (iii) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (jjj) Trustee: The trustee under the Trust.
- (kkk) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (lll) Valuation Date: The last day of each month.
- (mmm) Withdrawal Year: As defined in Section 8.1.
- (nnn) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of

- (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
- (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) All Cash Distribution: As defined in subsection 7.3(c).
- (e) All Stock Distribution: As defined in subsection 7.3(a).
- (f) Base Hourly Wages: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and

is witnessed by a notary public, to such designation or the Participant is unmarried, and

- (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) Board: The Board of Directors of the Corporation.
- (j) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (k) Commissioner: The Commissioner of the Internal Revenue Service.
- (l) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (n) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
-
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
 - (i) he is an employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive

months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and

(iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible

Employee for all purposes hereunder during such periods as he meets all of the following conditions:

(iv) he is on the regular payroll of an Employer; and

(v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (w), (x), (y) and (z) of Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of Section 2.1.

- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform

election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the

applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the

Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.
- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive

Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

- (tt) Reserved.

[The following replaces section 2.1(uu) effective January 1, 1995:]

- (uu) Reserved.

- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).

- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The

classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

(i) August 1, 1967 to July 31, 1968

(ii) August 1, 1968 to July 31, 1969

(iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

(yy) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).

(zz) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.

(aaa) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.

(bbb) Severance from Service Date: The earlier of:

(i) the date an Employee quits, is discharged, retires or dies, or

(ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)

(ccc) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).

(ddd) Stock and Cash Distribution: As defined in subsection 7.3(b).

(eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.

(fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.

(ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.

(hhh) Total and Permanent Disability: A condition arising out

of any injury or disease which the Committee determines

is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (jjj) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (mmm) Valuation Date: The last day of each month.
- (nnn) Withdrawal Year: As defined in Section 8.1.
- (ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such

Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total

number of his Days of Service and the denominator of which shall be 365.

- 2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE III

PARTICIPATION, CONTRIBUTIONS, AND ALLOCATIONS

- 3.1 Election to Participate. An Eligible Employee's election to participate in the Plan shall, if given on Timely Notice,
- (i) be effective as of the first Entry Date following his election, and
 - (ii) remain in effect as a valid election to participate for each successive Plan Year.

An election to participate by an Eligible Employee who, immediately prior to becoming an Eligible Employee, was a participant under the Kimberly-Clark Corporation Salaried

Employees Incentive Investment Plan shall be effective as soon as administratively feasible upon exercising his election.

3.2 Amount of Participant's Contributions.

(a) Basic After-Tax Contributions: During each Plan Year, Basic After-Tax Contributions shall be made by a Participant for deposit to his Account in an amount

(i) which is elected by him on Timely Notice, and

(ii) which, pursuant to his election, is either 2%, 3%, 4%, 5% or 6% of his Base Hourly Wages.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice a Participant may change his election effective as of the first day of any month.

[The following replaces section 3.2(a) effective January 1, 1995:]

(a) Basic After-Tax Contributions: During each Plan Year, Basic After-Tax Contributions shall be made by a Participant for deposit to his Account in an amount

(i) which is elected by him on Timely Notice, and

(ii) which, pursuant to his election, is either 1%, 2%, 3%, 4%, 5% or 6% of his Base Hourly Wages.

An election under this subsection shall remain in effect until changed by a Participant. On Timely Notice, a Participant may change his election effective as of the first day of any month.

(b) Regular Unrestricted After-Tax Contributions.

(i) A Participant may elect on Timely Notice to make Regular Unrestricted After-Tax Contributions to his Account in any whole percentage equal to an amount which is not less than 1% of his Base Hourly Wages and not more than 6% of his Base Hourly Wages.

(ii) An election to make Regular Unrestricted After-Tax Contributions by regular payroll deduction shall remain in effect for so long as a Participant is eligible to make Regular Unrestricted After-Tax Contributions or, if earlier, until changed by a Participant. A Participant may change such election on Timely Notice effective as of the first day of any month.

(iii) Regular Unrestricted After-Tax Contributions will not be taken into account in determining the amount of Company Matching Contributions made on behalf of Participants.

(c) Special Unrestricted After-Tax Contributions. Once each Plan Year a Participant may elect to make a Special Unrestricted After-Tax Contribution in excess of the amount elected under subsection 3.2(b)(i) in an amount

(i) which is elected by him on Timely Notice,

(ii) which, when added to the total of the Regular Unrestricted After-Tax Contributions made by the Participant to date in the Plan Year, would not exceed 6% of his Base Hourly Wages for those

periods to date in such Plan Year during which
Basic After-Tax Contributions have been made;

(iii) which shall only be made in cash; and

(vi) which will not be taken into account in determining
the amount of Company Matching Contributions made
on behalf of the Participant.

3.3 General Limitation: Notwithstanding any other provision of
this Article III, no Contribution shall be made to the Plan
which would cause the Plan to fail to meet the requirements
for exemption from tax or to violate any provisions of the
Code.

3.4 Allocation of Contributions by Participants.

Basic After-Tax Contributions and Unrestricted After-Tax
Contributions. On Timely Notice, a Participant shall elect
to allocate in whole multiples of 1% all of the Basic After-
Tax Contributions and Unrestricted After-Tax Contributions to
be made during a Plan Year to one or more of

- (i) the Government Fund,
- (ii) the Diversified Fund,
- (iii) the Fixed Income Fund, or
- (iv) the K-C Stock Fund.

An election under this subsection shall remain in effect
until changed by a Participant. On Timely Notice a
Participant may change his elections effective as of the
first day of any month.

3.5 Suspension of All Contributions. On Timely Notice and
notwithstanding the provisions of Section 3.2, a Participant
may elect to suspend, effective reasonably soon after such
notice is given as established by Committee rule, all of his
Contributions. On Timely Notice, a Participant may elect to
resume such Contributions as of any Entry Date, provided,
however, that any such suspension must be for a period of not
less than three months.

A Participant's Contributions shall be automatically
suspended commencing with and continuing throughout any
period during which he fails to qualify as an Eligible
Employee. On Timely Notice upon requalifying as an Eligible
Employee a Participant may elect to make Contributions to his
Accounts as soon as administratively feasible.

3.6 Payment of Contributions to Trustee. The Employers shall
contribute or remit to the Trustee as soon as practicable
after the end of each month the amounts withheld from the
Participants' compensation during the month as Contributions
under the Plan.

3.7 Reallocation of Participant's Accounts. A Participant who
has remained a Participant for at least three months may on
Timely Notice elect to reallocate, effective as of the first
Valuation Date following his election, all or any whole
percentage portion of any of his Employee Accounts or
Employer Accounts or both, provided he has not elected a
reallocation within the preceding three months; provided,
however, that a three month period that begins at the end of
a Plan Year shall not be more than ninety (90) days.

3.8 Redeposits and Restored Amounts.

(a) Notwithstanding any provision in this Plan to the
contrary, on Timely Notice, an Employee who has

forfeited all or a portion of his Employer Accounts may, within 5 years of the date of the distribution or withdrawal which caused such forfeiture, redeposit such distribution or withdrawal, and upon such redeposit, the amount of the forfeiture associated with the redeposit shall be restored to the Employee's Employer Stock Account (and to the Withdrawal Year) from which it was

forfeited. Redeposits shall be allocated to the Plan funds in the same manner as Basic After-Tax Contributions made on behalf of the Participant. Redeposits shall be made on a Withdrawal Year by Withdrawal Year basis, beginning with the most remotely ended Withdrawal Year, and the amount redeposited for any Withdrawal Year shall be equal to the amount distributed or withdrawn which caused the forfeiture for that Withdrawal Year.

For an Employee hired after March 31, 1989, the amount redeposited shall be equal to the total amount distributed or withdrawn which caused the forfeiture.

- (b) No redeposit of a withdrawal or distribution shall be permitted if, coincident with or subsequent to the forfeiture associated with that withdrawal or distribution, an Employee incurs 5 consecutive One-Year Periods of Severance. For Plan Years prior to April 1, 1989, and for purposes of this Section 3.8 only, an Employee incurs a One-Year Period of Severance if he is not an Employee on the last day of a Plan Year.
- (c) Where applicable, if an Employee receives such a distribution or makes a withdrawal that results in a forfeiture, and if such Employee does not make a redeposit of such amount within the same Plan Year, any Plan Year between the Plan Year of distribution or withdrawal and the Plan Year of redeposit (including the Plan Year of distribution or withdrawal but not including the Plan Year of redeposit) shall not be counted in determining when the restored amounts are attributable to a Withdrawal Year or Matured Withdrawal Years.
- (d) Notwithstanding the preceding provision, a Participant who is entitled to no portion of his Employer Account upon termination of employment shall be deemed to have received a distribution of zero dollars (\$0) from such account at the earliest possible date provided under Section 7.2.
- (e) Any forfeiture from the Basic After-Tax Contribution section of his Employer Accounts under subsection 7.1(f) and the applicable years of Service shall be restored in accordance with the provisions of this Section 3.8 if the Terminated Participant returns to his employment with an Employer prior to incurring 5 consecutive One-Year Periods of Severance.

ARTICLE IV
EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.3, Company Matching Contributions for each Plan Year shall be 50% of Basic After-Tax Contributions for that Plan Year allocated to the K-C Stock Fund and 20% of Basic After-Tax Contributions for that Plan Year allocated to the Government Fund, the Diversified Fund or the Fixed Income Fund.

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

- 4.2 Allocation and Payment of Company Matching Contributions. Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are deducted or withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.3 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if, in its opinion, the Corporation's

consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness

comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

4.4 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
 - (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
 - (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year (if any) in excess

of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.4(a)(i) shall be determined in the manner set forth in subsection 4.4(a)(iii).

- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-

Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month

shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.4(a)(i) above.

ARTICLE V

TRUSTEE AND TRUST AGREEMENT

- 5.1 The Corporation shall enter into a trust agreement with a person or corporation selected by the Board to act as Trustee of Contributions and Company Matching Contributions. The Trustee shall receive all Contributions and all Company Matching Contributions and shall hold, manage, administer, and invest the same, reinvest any income, and, in accordance with instructions and directions of the Committee subject to the Plan, make distributions.

The trust agreement shall be in such form and contain such provisions as the Board may deem necessary and appropriate to effectuate the purposes of the Plan and to qualify the Plan and the Trust under the Code. Upon the written request of an Eligible Employee, a copy of the trust agreement shall be made available for his inspection.

The Board may, from time to time, remove the Trustee or any successor Trustee at any time and any such Trustee or any successor Trustee may resign. The Board shall, upon removal or resignation of a Trustee, appoint a successor Trustee.

The Trustee's accounts, books, and records relating to the Trust may be audited annually by auditors selected by the Board.

The Trustee's fee shall be paid by the Corporation but until so paid shall constitute a charge upon the Trust. Brokerage fees, asset management fees, investment management fees and other direct costs of investment and taxes (including interest and penalties) shall be paid by the Trustee out of the funds of the Trust to which such costs are attributable, unless paid by the Corporation in its discretion.

ARTICLE VI

INVESTMENT: PARTICIPANT'S ACCOUNTS: VOTING OF STOCK

6.1 Investment of Contributions.

- (a) A Participant's Contributions during each Plan Year shall be invested in the various funds in accordance with the Participant's allocations under Section 3.4. A Participant's interest arising from his reallocation for prior Plan Years shall be invested in the various funds in accordance with the Participant's directions under Section 3.7. Company Matching Contributions during each Plan Year shall be invested in the K-C Stock Fund. All such investments and gains or losses related thereto shall be allocated to each Participant's Accounts pursuant to the provisions of Section 6.2.
- (b) The Committee shall designate Participant's Contributions and Company Matching Contributions for payment to the Trustee for investment, and Employee Accounts and Employer Accounts for reallocation in accordance with subsection 6.1(a), and shall advise the Trustee of such designation.

6.2 Participant's Accounts:

- (a) Establishment of Accounts. Each Participant shall have established and maintained for him separate Accounts which, depending upon the allocation and reallocation options he has selected, shall consist of Employee Accounts and Employer Accounts in one or more of the Government Fund, the Diversified Fund, the Fixed Income Fund, and the K-C Stock Fund. Each such Employee Account shall be subdivided into a Basic After-Tax Contribution Section and an Unrestricted After-Tax Contribution Section. Each such Employer Account shall be subdivided into subsections corresponding to the Sections of the Employee Accounts, other than the Unrestricted After-Tax Contribution Section.

As soon as practicable following the end of each Plan Year, the Committee will cause an annual statement to be prepared for each Participant which will reflect the status of the Participant's Accounts in such form as shall be prescribed by the Committee.

- (b) Separation of Accounts. Each Participant's Accounts shall be further separated and maintained as Withdrawal Years and Matured Withdrawal Years as set forth in Sections 8.1 and 8.2.
- (c) Crediting of Accounts. As of the close of business on each Valuation Date the designated Accounts of each Participant shall be appropriately credited with the amounts of his Contributions, or the reallocation of his other Accounts, if any, and his Employer Stock Account

shall be credited with the amount of any Company Matching Contributions with respect to him. All such Participant's Contributions, reallocations and Company Matching Contributions with respect to any month shall be considered as having been made on the Valuation Date but subsequent to the valuation for such month provided for in subsection 6.2(d).

- (d) Valuation of Accounts. Each Participant's Accounts shall be valued and adjusted monthly to preserve for each Participant his proportionate interest in the related funds. As of each Valuation Date each of the Accounts of each Participant shall be adjusted to reflect the effect of income, collected and accrued, realized and unrealized profits and losses, expenses and all other transactions with respect to the related fund as follows:
 - (i) The Current Market Value of the assets held in each of the funds shall be determined by the Trustee, and
 - (ii) The separate balances provided for in subsection 6.2(b) of each Participant's Account under each of the related funds shall be adjusted by multiplying by the ratio that the Current Market Value of such fund as determined under subsection 6.2(d)(i) bears to the aggregate of the Account balances under such fund.

6.3 Stock Rights, Stock Splits and Stock Dividends. A Participant shall have no right of request, direction or demand upon the Committee or the Trustee to exercise in his behalf rights to purchase shares of Corporation Stock or other securities of the Corporation. The Trustee, at the direction of the Committee, shall exercise or sell any rights to purchase shares of Corporation Stock appertaining to shares of such stock held by the Trustee and shall sell at the direction of the Committee any rights to purchase other securities of the Corporation appertaining to shares of Corporation Stock held by the Trustee. The Accounts of Participants shall be appropriately credited. Shares of Corporation Stock received by the Trustee by reason of a stock split or a stock dividend shall be appropriately allocated to the Accounts of the Participants.

6.4 Voting of Corporation Stock. A Participant (or in the case of his death, his Beneficiary) may direct the voting at each annual meeting and at each special meeting of the

stockholders of the Corporation of that number of whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account and his Employee Stock Account as of the Valuation Date preceding the record date for such meeting. Each such Participant (or Beneficiary) will be provided with copies of pertinent proxy solicitation material together with a request for the Participant's confidential instructions as to how such shares are to be voted. The Committee shall direct the Trustee to vote such shares in accordance with such instructions and shall also direct the Trustee how to vote any shares of Corporation Stock at any meeting for which it has not received, or is not subject to receiving, such voting instructions.

6.5 Tender Offers. A Participant (or in the event of his death, his Beneficiary) may direct the Trustee in writing how to respond to a tender or exchange offer for any or all whole shares of Corporation Stock held by the Trustee and attributable to the balances in his Employer Stock Account

and his Employee Stock Account as of the Valuation Date preceding such offer. The Committee shall notify each Participant (or Beneficiary) and exert its best efforts to timely distribute or cause to be distributed to him such information as will be distributed to stockholders of the Corporation in connection with any such tender or exchange offer. Upon receipt of such instructions, the Trustee shall tender such shares of Corporation Stock as and to the extent so instructed. If the Trustee shall not receive instructions from a Participant (or Beneficiary) regarding any such tender or exchange offer for such shares of Corporation Stock (or shall receive instructions not to tender or exchange such shares), the Trustee shall have no discretion in such matter and shall take no action with respect thereto. With respect to shares of Corporation Stock in the K-C Stock Fund for which the Trustee is not subject to receiving such instruction, however, the Trustee shall tender such shares in the same ratio as the number of shares for which it receives instructions to tender bears to the total number of shares for which it is subject to receiving instructions, and shall have no discretion in such matter and shall take no action with respect thereto other than as specifically provided in this sentence.

ARTICLE VII

DISTRIBUTION OF ACCOUNTS

7.1 Accounts to be Distributed.

- (a) Termination On or After Attainment of Age 55 or Upon Disability. If a Participant's employment with an Employer is terminated on or after his attainment of age 55, or if his employment is terminated upon his Total and Permanent Disability, he shall be fully vested in his Accounts and shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4.
- (b) Termination Upon Death. In the event that the termination of employment of a Participant is caused by his death, or a Terminated Participant dies prior to the first day on which such Terminated Participant's Accounts are payable, the entire amount then in his Accounts shall be paid to his Beneficiary in accordance with Section 7.4 after receipt by the Committee of acceptable proof of death.
- (c) Termination As a Result of Group Termination. In the event that the termination of employment of a Participant is caused by reason of his status as a member of a group involved in a Group Termination, he shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4, unless action is taken pursuant to the Plan to segregate the Accounts of all the Participants in such group from the Trust and arrange for a transfer to or a merger with a qualified successor plan or trust

with respect thereto.

- (d) Termination for Other Reasons. Effective April 1, 1989, if a Participant's employment with an Employer is terminated for any other reason, the Participant shall be entitled to the entire amount in his Employee Accounts and a portion of his Employer Accounts as determined in accordance with the following schedule:

| Years of Service | Vested Percentage | Forfeited Percentage |
|------------------|-------------------|----------------------|
| Less than 5 | 0% | 100% |
| 5 or more | 100% | 0% |

provided, however, that for an Employee hired prior to April 1, 1989, the above provision shall apply only to the extent that the vested amount of the Participant's Employer Accounts computed in accordance with the above

provision is not less than the Vested Section of the Participant's Employer Accounts computed under the provisions of the Plan in effect as of March 31, 1989.

In the event that the termination of employment of a Participant is caused by any reason other than the Employee quits, is discharged, retires or dies, the Participant will be deemed to have a 12 month period of absence following the date of such termination of employment, for purposes of determining the portion of his Employer Accounts which such Participant shall be entitled to receive in a distribution in accordance with this subsection.

In the event that the Plan is amended to change the vesting provisions set forth in this subsection 7.1(d) above, a Participant with 3 or more years of Service may elect to have the vested percentage of the Participant's Employer Accounts determined pursuant to the vesting provisions in effect prior to the amendment.

- (e) Distribution Transfer in Certain Group Terminations. In the event that a Participant is a member of a group involved in a Group Termination and the circumstances are such that in the opinion of the Committee all of the involved Participant's Accounts should be segregated from the Plan and Trust, and transferred to or merged with a successor qualified plan and trust, the Committee shall take such action as it may deem necessary to cause such segregation and transfer or merger to occur. For these purposes, the amounts to be transferred or merged shall be determined as though all of the Participants involved in such group had terminated their employment by reason of attainment of age 55. In such event, those individuals in such group shall not be entitled to receive any distribution hereunder and all liabilities of this Plan and of the Trust with respect to such individuals shall be deemed fully discharged on the date of such transfer or merger.
- (f) Deferred Distributions. Notwithstanding anything in this Article VII to the contrary, if the aggregate value of the Accounts of any Participant exceeds \$3500, an immediate distribution shall not be made without the consent of the Participant. A Participant who fails to consent to a distribution under this subsection 7.1(f) shall continue to participate as a Terminated Participant and shall be entitled to a distribution of his Employee Accounts and the vested percentage of his Employer Accounts. Upon Timely Notice of request for

payment, the Terminated Participant's Employee Accounts and the vested percentage of his Employer Accounts shall be distributed in accordance with the provisions of Section 7.4.

7.2 Settlement Date and Time of Distributions. Each Participant's Settlement Date shall be the Valuation Date coincident with or following the termination of his employment or the Valuation Date following Timely Notice of his request for payment, whichever is later. Notwithstanding the foregoing, the Settlement Date for a Terminated Participant shall be the earlier of the Valuation Date following Timely Notice of his request for payment or the Valuation Date following Timely Notice of the request for payment due to his death. Any forfeiture with respect to the Accounts of the Participant or Terminated Participant shall be determined as of the Valuation Date coincident with or following such Participant's or Terminated Participant's termination of employment. Distribution of a Participant's Accounts shall be made to him or to his Beneficiary in full after the termination of his employment and within 60 days following his Settlement Date, except in the case of an Optional Annuity Distribution or an Optional Installment Distribution.

[The following replaces section 7.2 effective January 1, 1995:]

7.2 Settlement Date and Time of Distributions. Each Participant's Settlement Date shall be the Valuation Date coincident with or following the termination of his employment or the Valuation Date following Timely Notice of his request for payment, whichever is later. Notwithstanding the foregoing, the Settlement Date for a Terminated Participant shall be the earlier of the Valuation Date following Timely Notice of his request for payment or the Valuation Date following Timely Notice of the request for payment due to his death. Any forfeiture with respect to the Accounts of the Participant or Terminated Participant shall be determined as of the Valuation Date coincident with or following such Participant's or Terminated Participant's termination of employment. Distribution of a Participant's Accounts shall be made to him or to his Beneficiary in full after the termination of his employment and within 60 days following his Settlement Date.

7.3 Certain Definitions Relating to Distributions and Withdrawals.

(a) Lump Sum Distribution. A "Lump Sum Distribution" of a Participant's Accounts means one distribution consisting of

(i) the cash equivalent of the Current Market Value on the Settlement Date of the Participant's Employee Accounts, except his Employee Stock Account, and the vested percentage of his Employer Accounts, except his Employer Stock Account, and

- (ii) full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts, and
 - (iii) the cash equivalent of any other interest attributable to the Participant's Accounts, except the forfeited percentage of his Employer Accounts, on the Settlement Date.
- (b) Lump Sum Optional Distribution. A "Lump Sum Optional Distribution" of a Participant's Accounts means the same as a Lump Sum Distribution, as defined in subsection 7.3(a), except that clause (ii) in said subsection shall be replaced by the following clause:
 - (ii) the cash equivalent of the Current Market Value as of the Settlement Date of all the shares and fractional shares of Corporation Stock attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account.
- (c) Optional Annuity Distribution. An "Optional Annuity Distribution" of a Participant's Accounts means the distribution, of a single premium, non-transferable joint and survivor annuity policy, or any other form of single premium, non-transferable annuity policy approved under rules established by the Committee. If a joint and survivor annuity is selected, the form of such annuity shall be such that an amount is payable to the Participant for his life, and upon his death, fifty percent (50%) of such amount is payable to his surviving spouse for the remainder of the spouse's life. If the Participant shall receive a joint and survivor annuity, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant and the Participant's spouse; and if a single life annuity is elected, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant. If an annuity form of distribution is elected, an annuity policy (containing further provisions relating to payment and options which may be elected by the Participant under rules established by the Committee) shall be purchased by the Trustee (from a life insurance company selected by the Committee) from the cash equivalent of the Participant's Accounts, as of the Settlement Date, valued as though such Accounts were to be distributed as a Lump Sum Optional Distribution, as defined in subsection 7.3(b). If the Committee or the Trustee is unable to obtain the information required

by the life insurance company for the purchase of an annuity policy, as described above, the Optional Annuity Distribution shall be made directly from the Participant's Accounts in such form as may be set forth under rules established by the Committee. If the Optional Annuity Distribution is being paid directly from the Participant's Accounts as provided above, the Participant, or in the case of a married Participant the Participant with spousal consent may elect distribution of his accounts in the form of either a Lump Sum Distribution or a Lump Sum Optional Distribution in the same manner as a Terminated Participant.

In the case of a married Participant who elects an

Optional Annuity Distribution, the distribution of the Participant's Accounts shall be in the form of a joint and survivor annuity, as described above, under which the survivor annuity is payable to such Participant's spouse; unless, within the period 90 days prior to the Settlement Date, (i) such spouse consents in writing to the election of another form of annuity or the naming of another person to receive the survivor annuity, and acknowledges the effect of such election, and (ii) such consent is witnessed by a notary public. No such spousal consent need be furnished with respect to an election, however, if the Committee determines that such Participant's spouse cannot be located, or that such consent is unobtainable for any other reason provided under applicable regulations. For purposes of this subsection 7.3(c), the term spouse shall mean the spouse of a Participant as of his Settlement Date.

- (d) Optional Installment Distribution. An "Optional Installment Distribution" of a Participant's Accounts means that a Participant has elected prior to his Settlement Date to have the cash equivalent of all of his Accounts, as at the Settlement Date, valued as though such Accounts were to be distributed as a Lump Sum Optional Distribution as defined in subsection 7.3(b), applied to the purchase of a contract which provides:
- (i) for the payment of the cash equivalent of the Participant's Accounts, plus interest, in equal monthly installments, commencing with the end of either the second or twelfth month following his Settlement Date and continuing for either 60 or 120 months, as the Participant shall elect on Timely Notice prior to his Settlement Date;
 - (ii) that if the Participant dies prior to receiving all of the payments to which he is entitled under the contract, an amount equal to the sum of all such remaining payments shall be distributed to his

Beneficiary in one cash payment as soon as practicable.

[The following replaces section 7.3 effective September 1, 1994:]

7.3 Certain Definitions Relating to Distributions and Withdrawals.

- (a) All Stock Distribution. An "All Stock Distribution" of a Participant's Accounts means one distribution consisting of full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Accounts and to the vested percentage of his Employer Accounts, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts.
- (b) Stock and Cash Distribution. A "Stock and Cash Distribution" of a Participant's Accounts means one distribution consisting of
- (i) the cash equivalent of the Current Market Value on the Settlement Date of the Participant's Employee Accounts, except his Employee Stock Account, and the vested percentage of his Employer Accounts, except his Employer Stock Account, and
 - (ii) full shares of Corporation Stock on the Settlement

Date, attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts, and

- (iii) the cash equivalent of any other interest attributable to the Participant's Accounts, except the forfeited percentage of his Employer Accounts, on the Settlement Date.
- (c) All Cash Distribution. An "All Cash Distribution" of a Participant's Accounts means the same as a Stock and Cash Distribution, as defined in subsection 7.3(b), except that clause (ii) in said subsection shall be replaced by the following clause:
 - (ii) the cash equivalent of the Current Market Value as of the Settlement Date of all the shares and fractional shares of Corporation Stock attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account.
- (d) Optional Annuity Distribution. An "Optional Annuity Distribution" of a Participant's Accounts means the distribution of a single premium, non-transferable joint and survivor annuity policy, or any other form of single premium, non-transferable annuity policy approved under rules established by the Committee. If a joint and survivor annuity is selected, the form of such annuity shall be such that an amount is payable to the Participant for his life, and upon his death, fifty percent (50%) of such amount is payable to his surviving spouse for the remainder of the spouse's life. If the Participant shall receive a joint and survivor annuity, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant and the Participant's spouse; and if a single life annuity is elected, the payments may not be based upon a contingency extending beyond the life expectancy of the Participant. If an annuity form of distribution is elected, an annuity policy (containing further provisions relating to payment and options which may be elected by the Participant under rules established by the Committee) shall be purchased by the Trustee (from a life insurance company selected by the Committee) from the cash equivalent of the Participant's Accounts, as of the Settlement Date, valued as though such Accounts were to be distributed as an All Cash Distribution, as defined in subsection 7.3(c). If the Committee or the Trustee is unable to obtain the information required by the life insurance company for the purchase of an annuity policy, as described above, the Optional Annuity Distribution shall be made directly from the Participant's Accounts in such form as may be set forth under rules established by the Committee. If the Optional Annuity Distribution is being paid directly from the Participant's Accounts as provided above, the Participant, or in the case of a married Participant the Participant with spousal consent, may elect distribution of his accounts in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution in the same manner as a Terminated Participant.

In the case of a married Participant who elects an Optional Annuity Distribution, the distribution of the

Participant's Accounts shall be in the form of a joint and survivor annuity, as described above, under which the survivor annuity is payable to such Participant's spouse; unless, within the period 90 days prior to the Settlement Date, (i) such spouse consents in writing to the election of another form of annuity or the naming of another person to receive the survivor annuity, and acknowledges the effect of such election, and (ii) such consent is witnessed by a notary public. No such spousal consent need be furnished with respect to an

election, however, if the Committee determines that such Participant's spouse cannot be located, or that such consent is unobtainable for any other reason provided under applicable regulations. For purposes of this subsection 7.3(d), the term spouse shall mean the spouse of a Participant as of his Settlement Date.

- (e) Optional Installment Distribution. An "Optional Installment Distribution" of a Participant's Accounts means that a Participant has elected prior to his Settlement Date to have the cash equivalent of all of his Accounts, as at the Settlement Date, valued as though such Accounts were to be distributed as an All Cash Distribution as defined in subsection 7.3(c), applied to the purchase of a contract which provides:
 - (i) for the payment of the cash equivalent of the Participant's Accounts, plus interest, in equal monthly installments, commencing with the end of either the second or twelfth month following his Settlement Date and continuing for either 60 or 120 months, as the Participant shall elect on Timely Notice prior to his Settlement Date;
 - (ii) that if the Participant dies prior to receiving all of the payments to which he is entitled under the contract, an amount equal to the sum of all such remaining payments shall be distributed to his Beneficiary in one cash payment as soon as practicable.

[The following replaces section 7.3 effective January 1, 1995:]

7.3 Certain Definitions Relating to Distributions and Withdrawals.

- (a) All Stock Distribution. An "All Stock Distribution" of a Participant's Accounts means one distribution consisting of full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Accounts and to the vested percentage of his Employer Accounts, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts.
- (b) Stock and Cash Distribution. A "Stock and Cash Distribution" of a Participant's Accounts means one distribution consisting of
 - (i) the cash equivalent of the Current Market Value on the Settlement Date of the Participant's Employee Accounts, except his Employee Stock Account, and

the vested percentage of his Employer Accounts, except his Employer Stock Account, and

- (ii) full shares of Corporation Stock on the Settlement Date, attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account, together with the cash equivalent of the Current Market Value on the Settlement Date of fractional shares of such stock attributable to such Accounts, and
 - (iii) the cash equivalent of any other interest attributable to the Participant's Accounts, except the forfeited percentage of his Employer Accounts, on the Settlement Date.
- (c) All Cash Distribution. An "All Cash Distribution" of a Participant's Accounts means the same as a Stock and Cash Distribution, as defined in subsection 7.3(b), except that clause (ii) in said subsection shall be replaced by the following clause:
- (ii) the cash equivalent of the Current Market Value as of the Settlement Date of all the shares and fractional shares of Corporation Stock attributable to the Participant's Employee Stock Account and to the vested percentage of his Employer Stock Account.

7.4 Methods of Distribution.

- (a) Distribution by Reason of Death. The Beneficiary of a Participant to which subsection 7.1(b) applies shall be entitled to receive a distribution of such Participant's Accounts in the form of either a Lump Sum Distribution, a Lump Sum Optional Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution as elected by the Participant in the appointment of his Beneficiary. If no such election was made, such distribution shall be in the form of either a Lump Sum Distribution, a Lump Sum Optional Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution as elected by the Beneficiary.
- (b) Distribution Upon Termination of Employment for Reasons Other than Death.
 - (i) A Participant who is entitled to receive a distribution of his Accounts due to the termination of his employment for any reason specified in Section 7.1, except death, may on Timely Notice elect to receive such distribution in the form of either a Lump Sum Distribution, a Lump Sum Optional

Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution at any time. In the event no such election is made, and the Participant is married at the date of his distribution, such distribution will be made in the form of a joint and survivor annuity as described in subsection 7.3(c).

- (ii) In the case of a married Participant who elects an Optional Annuity Distribution, the distribution shall be in the form of a joint and survivor annuity as described in subsection 7.3(c), provided the Participant's spouse consents thereto in accordance with subsection 7.3(c). The Committee shall, within a reasonable time prior to commencement of benefits (but, in all events, no less than 30 nor more than 90 days prior thereto) furnish to such Participant a written explanation of the terms and conditions of the joint and survivor annuity and the financial effect upon a Participant's benefit (in terms of dollars per annuity payment) of making an election not to take the joint and survivor annuity. An election by a Participant entitled to such explanation under this subsection not to take the joint and survivor annuity described in this Article, or a change in or revocation of any such election, may be made at any time during the 90-day period prior to the date benefits commence, as described in subsection 7.3(c).
- (c) Small Distributions. Notwithstanding any provision of this Section 7.4 to the contrary, if the aggregate value of a Participant's Accounts does not exceed \$3500, the Committee shall direct the distribution of the Accounts of any Participant as a Lump Sum Distribution or a Lump Sum Optional Distribution, as elected by the Participant or his Beneficiary prior to the Settlement Date. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given two months after termination of employment and such distribution shall be in the form of a Lump Sum Optional Distribution.

[The following replaces section 7.4 effective September 1, 1994:]

7.4 Methods of Distribution.

- (a) Distribution by Reason of Death. The Beneficiary of a Participant to which subsection 7.1(b) applies shall be entitled to receive a distribution of such Participant's Accounts in the form of either an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution, an Optional Annuity Distribution, or an

Optional Installment Distribution as elected by the Participant in the appointment of his Beneficiary. If no such election was made, such distribution shall be in the form of either an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution as elected by the Beneficiary.

- (b) Distribution Upon Termination of Employment for Reasons Other than Death.
 - (i) A Participant who is entitled to receive a distribution of his Accounts due to the termination of his employment for any reason specified in Section 7.1, except death, may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution, an Optional Annuity Distribution, or an Optional Installment Distribution at any time. In the event no such election is made, and the Participant is married at the date of his distribution, such distribution will be made in the form of a joint and survivor

annuity as described in subsection 7.3(d).

- (ii) In the case of a married Participant who elects an Optional Annuity Distribution, the distribution shall be in the form of a joint and survivor annuity as described in subsection 7.3(d), provided the Participant's spouse consents thereto in accordance with subsection 7.3(d). The Committee shall, within a reasonable time prior to commencement of benefits (but, in all events, no less than 30 nor more than 90 days prior thereto) furnish to such Participant a written explanation of the terms and conditions of the joint and survivor annuity and the financial effect upon a Participant's benefit (in terms of dollars per annuity payment) of making an election not to take the joint and survivor annuity. An election by a Participant entitled to such explanation under this subsection not to take the joint and survivor annuity described in this Article, or a change in or revocation of any such election, may be made at any time during the 90-day period prior to the date benefits commence, as described in subsection 7.3(d).
- (c) Small Distributions. Notwithstanding any provision of this Section 7.4 to the contrary, if the aggregate value of a Participant's Accounts does not exceed \$3500, the Committee shall direct the distribution of the Accounts of any Participant as an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution, as

elected by the Participant or his Beneficiary prior to the Settlement Date. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given two months after termination of employment and such distribution shall be in the form of an All Cash Distribution.

[The following replaces section 7.4 effective January 1, 1995:]

7.4 Methods of Distribution.

- (a) Distribution by Reason of Death. The Beneficiary of a Participant to which subsection 7.1(b) applies shall be entitled to receive a distribution of such Participant's Accounts in the form of either an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution as elected by the Participant in the appointment of his Beneficiary. If no such election was made, such distribution shall be in the form of either an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution as elected by the Beneficiary.
- (b) Distribution Upon Termination of Employment for Reasons Other than Death. A Participant who is entitled to receive a distribution of his Accounts due to the termination of his employment for any reason specified in Section 7.1, except death, may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution at any time.
- (c) Small Distributions. Notwithstanding any provision of this Section 7.4 to the contrary, if the aggregate value of a Participant's Accounts does not exceed \$3500, the Committee shall direct the distribution of the Accounts of any Participant as an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution as

elected by the Participant or his Beneficiary prior to the Settlement Date. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given two months after termination of employment, and such distribution shall be in the form of an All Cash Distribution.

7.5 Miscellaneous.

- (a) For the purpose of the Plan, no termination of employment will be deemed to have occurred in any instance where the person involved remains in Service or is reemployed by an Employer prior to his Settlement Date.

- (b) In the event of the death, prior to his receipt of a distribution, of a Participant who at the time of his death was entitled to receive distribution under subsection 7.4(b) and elected to receive such distribution in the form of a Lump Sum Distribution or a Lump Sum Optional Distribution, or was entitled to receive a distribution under subsection 7.4(c), and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

[The following replaces section 7.5 effective September 1, 1994:]

7.5 Miscellaneous.

- (a) For the purpose of the Plan, no termination of employment will be deemed to have occurred in any instance where the person involved remains in Service or is reemployed by an Employer prior to his Settlement Date.

- (b) In the event of the death, prior to his receipt of a distribution, of a Participant who at the time of his death was entitled to receive distribution under subsection 7.4(b) and elected to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution, or an All Cash Distribution, or was entitled to receive a distribution under subsection 7.4(c), and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

7.6 Required Distributions.

- (a) Notwithstanding any provision of the Plan to the contrary, a Participant's or Terminated Participant's Accounts shall be distributed commencing no later than the earlier of:
 - (i) April 1 of the calendar year following the year in which the Participant or Terminated Participant attains age 70-1/2, except to the extent that Section 1121(d)(4) of the Tax Reform Act of 1986 provides otherwise, or
 - (ii) unless the Participant elects a later date (which can be no later than the date specified in (i) above), the 60th day after the latest of:

- (A) the close of the Plan Year in which the Participant attains age 65,
 - (B) the close of the Plan Year which includes the date 10 years after the date the Participant first commenced participating in the Plan, or
 - (C) the close of the Plan Year in which the Participant terminated employment with his Employer.
- (b) All distributions from the Plan shall be made in accordance with the requirements of Code section 401(a)(9) and the regulations thereunder, including the minimum distribution incidental benefit requirements.

7.7 Unclaimed Benefits. During the time when a benefit hereunder is payable to any Terminated Participant or, if deceased, his Beneficiary, the Committee shall mail by registered or certified mail to such Participant or Beneficiary, at his last known address, a written demand for his then address, or for satisfactory evidence of his continued life, or both. If such information is not furnished to the Committee within 12 months from the mailing of such demand, then the Committee may, under rules established by the Committee, in its sole discretion, declare such benefit, or any unpaid portion thereof, suspended, with the result that such unclaimed benefit shall be treated as a forfeiture for the Plan Year within which such 12-month period ends, but shall be subject to restoration through an Employer Contribution if the lost Participant or such Beneficiary later files a claim for such benefit.

7.8 Reserved.

7.9 Karolton Envelope Benefit. Notwithstanding any other provision of the Plan, if a Participant's employment with an Employer is terminated, he shall be fully vested in his Accounts and shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4. if such Participant meets all of the following conditions:

- (a) immediately prior to his termination of employment he must have been an Employee of Karolton Envelope; and
- (b) such termination of employment must be involuntary on the part of the Participant, be caused solely by the elimination of his job function with the Corporation due to the sale of assets of Karolton Envelope under the Assets Purchase Agreement entered into between the Corporation and KECA Corporation dated October 29, 1993, and such termination of employment must occur on the Closing Date of such Assets Purchase Agreement.

7.10 Spenco Medical Corporation Benefit. Notwithstanding any

other provision of the Plan, a Participant shall be fully vested in his Accounts and shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.4. if such Participant is employed by Spenco Medical Corporation on the Closing Date of the sale of Spenco Medical Corporation under the Agreement and Plan of Merger entered into between the Corporation and Spenco Medical Corporation, SBS Enterprises, Inc., Spenco Acquisition Corporation and Steven B. Smith, dated March 4, 1994. For purposes of this Section, a Participant described in the preceding sentence shall be treated under Section 7.4 as if he terminated employment with an Employer for a reason other than death on the Closing Date; provided, however, that a distribution pursuant to this Section shall be delayed to the extent required by the Internal Revenue Service under section 401(k)(2)(B)(i)(I) of the Code.

- 7.11 Form of ESOP Benefit. Notwithstanding anything in the Plan to the contrary but subject to the provisions of Sections 7.4 and 7.6, the form of benefit payment available from the K-C Stock Fund to a Participant, unless the Participant elects otherwise, shall be substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (i) five (5) years, or (ii) in the case of a Participant whose vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases), five (5) years plus one (1) additional year (not exceeding five (5) additional years) for each \$100,000 (or fraction of \$100,000) (as adjusted by legislation or for cost-of-living increases) by which the vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases).

[The following replaces section 7.11 effective September 1, 1994:]

- 7.11 Form of ESOP Benefit. Notwithstanding anything in the Plan to the contrary but subject to the provisions of Sections 7.4 and 7.6, the form of benefit payment available to a Participant, unless the Participant elects otherwise, shall be substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (i) five (5) years, or (ii) in the case of a Participant whose vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases), five (5) years plus one (1) additional year (not exceeding five (5) additional years) for each \$100,000 (or fraction of \$100,000) (as adjusted by legislation or for cost-of-living increases) by which the vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases).

[The following replaces section 7.11 effective January 1, 1995:]

- 7.11 Form of ESOP Benefit. Notwithstanding anything in the Plan to the contrary but subject to the provisions of Sections 7.4(c) and 7.6, the form of benefit payment available to a Participant, unless the Participant elects otherwise, shall be substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (i) five (5) years, or (ii) in the case of a Participant whose vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases), five (5) years plus one (1) additional year (not exceeding five (5) additional years) for each \$100,000 (or fraction of \$100,000) (as adjusted by legislation or for cost-of-living increases) by which the vested portion of his Accounts exceeds \$500,000 (as adjusted by legislation or for cost-of-living increases).

- 7.12 ESOP Dividend Distributions. Dividends paid to the Trust that had dividend record dates during a Plan Year on Corporation Stock allocated to a Participant's Accounts shall be paid to that Participant, or if applicable, to his Beneficiary, in the first quarter of the Plan Year following the Plan Year in which the dividends' record dates occurred. Notwithstanding the preceding sentence, in the last quarter of each Plan Year, a Participant who is employed by an Employer or an affiliate of an Employer at the time of an election under this Section may elect to have 25%, 50%, 75%, or all of such dividend payments remain in the Trust in lieu of a distribution under this Section. Dividends retained in the Trust under this Section shall be invested as directed by the Participant under Section 3.8. Notwithstanding both the dollar amount (if any) of any election under this Section and the preceding provisions of this Section, the amount actually paid under this Section shall not exceed the lesser of (i) the electing Participant's share of the dividends subject to such election and (ii) his balance in his Accounts at the time of payment.

ARTICLE VIII

FORMATION OF WITHDRAWAL YEAR AND MATURED WITHDRAWAL YEAR; WITHDRAWALS DURING EMPLOYMENT

- 8.1 Withdrawal Years. A Withdrawal Year shall be formed under the Plan for the Company Matching Contributions made for each Plan Year. Each Withdrawal Year shall be and continue to be identified separately up to the first day of the Plan Year commencing with the third anniversary of its conclusion.
- 8.2 Matured Withdrawal Years. A separately identified Matured Withdrawal Year shall be formed under the Plan to include all amounts held in the Participants' Employer Accounts as of the first day of the Plan Year commencing with the third anniversary of each Withdrawal Year.
- 8.3 Regular Withdrawals. A Participant, subject to the conditions stated below, may make the following Regular Withdrawals:
- (a) Such amount as the Participant may elect from the Unrestricted After-Tax Contribution Section of his Accounts;
 - (b) Such amounts as the Participant may elect from the Basic After-Tax Contribution Section of his Accounts; and
 - (c) Such amounts as a Participant who has at least 5 years of Service or a Participant who was employed by an Employer prior to April 1, 1989, may elect from his

Employer Accounts for the Matured Withdrawal Years. Any Participant not otherwise described above shall not be eligible to make withdrawals from his Employer Accounts.

In the event of a Regular Withdrawal from the Basic After-Tax Contribution section of a Participant's Accounts pursuant to subsection 8.3(b), such Participant's Contributions under the Plan shall be suspended for a period of 12 months following such withdrawal.

- 8.4 Distribution of Regular Withdrawals. Regular Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal may on Timely Notice elect to receive such distribution in the form of either a Lump Sum Distribution or a Lump Sum Optional Distribution.

[The following replaces section 8.6 effective September 1, 1994:]

- 8.4 Distribution of Regular Withdrawals. Regular Withdrawals shall be permitted as of the Valuation Date following Timely Notice (such Valuation Date being the Settlement Date for such withdrawals). A distribution of a withdrawal shall be made not later than 60 days after the Settlement Date or such other time as specified by Committee rule. A Participant who is entitled to receive a Regular Withdrawal may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution.

8.5 Miscellaneous.

- (a) Notwithstanding anything in this Article VIII to the contrary, the withdrawal provision of this Article VIII shall not apply for Terminated Participants.
- (b) In the event of the death, prior to his Settlement Date with respect to the withdrawal, of a Participant who has elected to make a withdrawal, and if the Committee has notice of the Participant's death prior to such distribution, then such withdrawal shall be deemed revoked. In the event of the death of a Participant on or after the Settlement Date with respect to which the Participant has elected to make a withdrawal, but prior to the actual distribution thereof, and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.

ARTICLE IX

INCENTIVE INVESTMENT PLAN COMMITTEE

- 9.1 Membership. The Committee shall consist of at least three persons who shall be officers or directors of the Corporation or Eligible Employees. Members of the Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Executive Committee of the Board. The Committee shall elect one of its members as chairman. The Committee shall not receive compensation for its services. Committee expenses shall be paid by the Corporation.
- 9.2 Powers. The Committee shall have all such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the power to construe or interpret the Plan, to determine all questions of eligibility hereunder, to determine the method of payment of any Accounts hereunder, to adopt rules relating to the giving of Timely Notice, and to perform such other duties as may from time to time be delegated to it by the Executive Committee of the Board. The Committee may prescribe such forms and systems and adopt such rules and actuarial methods and tables as it deems advisable. It may employ such agents, attorneys, accountants, actuaries, medical advisors, or clerical assistants (none of whom need be members of the Committee) as it deems necessary for the effective exercise of its duties, and may delegate to such agents any power and duties, both ministerial and discretionary, as it may deem necessary and appropriate.
- 9.3 Procedures. A majority of the Committee members shall constitute a quorum. The Committee may take any action upon a majority vote at any meeting at which a quorum is present, and may take any action without a meeting upon the unanimous written consent of all members. All action by the Committee shall be evidenced by a certificate signed by the chairman or by the secretary to the Committee. The Committee shall appoint a secretary to the Committee who need not be a member of the Committee, and all acts and determinations of the Committee shall be recorded by the secretary, or under his supervision. All such records, together with such other documents as may be necessary for the administration of the Plan, shall be preserved in the custody of the secretary.
- 9.4 Rules and Decisions. All rules and decisions of the Committee shall be uniformly and consistently applied to all Eligible Employees and Participants under this Plan in similar circumstances and shall be conclusive and binding upon all persons affected by them. The Committee shall have absolute discretion in carrying out its duties under the Plan.

- 9.5 Authorization of Payments. Subject to the provisions hereof, it shall be the duty of the Committee to furnish the Trustee with all facts and directions necessary or pertinent to the proper disbursement of the Trust funds.
- 9.6 Books and Records. The records of the Employers shall be conclusive evidence as to all information contained therein with respect to the basis for participation in the Plan and for the calculation of Contributions and Company Matching Contributions.
- 9.7 Perpetuation of the Committee. In the event that the Corporation shall for any reason cease to exist, then, unless the Plan is adopted and continued by a successor, the members of the Committee at that time shall remain in office until the final termination of the Trust, and any vacancies in the membership of the Committee caused by death, resignation, disability or other cause, shall be filled by the remaining member or members of the Committee.
- 9.8 Claim Procedure. The Committee shall establish a procedure for handling all claims by all persons. In the event any claim is denied, the Committee shall provide a written explanation to the person stating the reasons for denial.
- 9.9 Allocation or Reallocation of Fiduciary Responsibilities. The Named Fiduciary may allocate powers and responsibilities not specifically allocated by the Plan, or reallocate powers and responsibilities specifically allocated by the Plan, to designated persons, partnerships or corporations other than the Committee, and the members of the Committee may allocate their responsibilities under the Plan among themselves. Any such allocation, reallocation, or designation shall be in writing and shall be filed with and retained by the secretary of the Committee with the records of the Committee. Notwithstanding the foregoing, no reallocation of the responsibilities provided in the Trust to manage or control the Trust assets shall be made other than by an amendment to the Trust.
- 9.10 Plan Administrator. The Corporation shall be the Plan Administrator as described in ERISA.
- 9.11 Service of Process. The Corporation shall be the designated recipient of service of process with respect to legal actions regarding the Plan.

ARTICLE X

AMENDMENT AND TERMINATION

- 10.1 Amendment and Termination. While it is intended that the Plan shall continue in effect indefinitely, the Board may from time to time modify, alter or amend the Plan or the Trust using its prescribed procedures for actions by the Board and may at any time order the temporary suspension or complete discontinuance of Company Matching Contributions or

may terminate the Plan, provided, however, that

- (i) no such action shall make it possible for any part of the Trust assets (except such part as is used for the payment of expenses) to be used for or diverted to any purpose other than for the exclusive benefit of Participants or their Beneficiaries;
- (ii) no such action shall adversely affect the rights or interests of Participants theretofore vested under the Plan; and
- (iii) in the event of termination of the Plan or complete discontinuance of Company Matching Contributions hereunder, all rights and interests of Participants not theretofore vested shall become vested as of the date of such termination or complete discontinuance.

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

- (1) is required by law, or
- (2) is required by collective bargaining, or
- (3) is estimated not to increase the annual cost of the Plan by more than \$100,000.

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

However, nothing herein shall be construed to prevent any modification, alteration or amendment of the Plan or of the Trust which is required in order to comply with any law relating to the establishment or maintenance of the Plan and Trust, including but not limited to the establishment and maintenance of the Plan or Trust as a qualified employee plan or trust under the Code, even though such modification, alteration, or amendment is made retroactively or adversely affects the rights or interests of a Participant under the

Plan.

ARTICLE XI

MISCELLANEOUS

11.1 Non-Guarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between an Employer and a Participant, or as a right of any Participant to be continued in the employment of his Employer, or as a limitation of the right of an Employer to discharge any Participant with or without cause.

11.2 Rights to Trust Assets. No Participant or any other person shall have any right to, or interest in, any part of the Trust assets upon termination of his employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the amounts due and payable to such person out of the assets of the Trust. All payments as provided for in this Plan shall be made solely out of the assets of the Trust and neither the Employers, the Trustee, nor any member of the Committee shall be liable therefor in any manner.

The Employers shall have no beneficial interest of any nature whatsoever in any Employer Contributions after the same have been received by the Trustee, or in the assets, income or profits of the Trust, or any part thereof, except to the extent that forfeitures as provided in the Plan shall be applied to reduce the Employer Contributions.

11.3 Disclaimer of Liability. Neither the Trustee, the Employers, nor any member of the Committee shall be held or deemed in any manner to guarantee the funds of the Trust against loss or depreciation.

11.4 Non-Recommendation of Investment. The availability of any security hereunder shall not be construed as a recommendation to invest in such security. The decision as to the choice of investment of Contributions must be made solely by each Participant, and no officer or employee of the Corporation or the Trustee is authorized to make any recommendation to any

Participant concerning the allocation of Contributions hereunder.

- 11.5 Indemnification of Committee. The Employers shall indemnify the Committee and each of its members and hold them harmless from the consequences of their acts or conduct in their official capacity, including payment for all reasonable legal expenses and court costs, except to the extent that such consequences are the result of their own willful misconduct or breach of good faith.
- 11.6 Selection of Investments. The Trustee shall have the sole discretion to select investments for the various funds provided for herein even though the same may not be legal investments for trustees under the laws applicable thereto.
- 11.7 Non-Alienation. Except as otherwise provided herein, no right or interest of any Participant or Beneficiary in the Plan and the Trust shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, attachment, garnishment, execution, levy, bankruptcy, or any other disposition of any kind, either voluntary or involuntary, prior to actual receipt of payment by the person entitled to such right or interest under the provisions hereof, and any such disposition or attempted disposition shall be void.
- 11.8 Facility of Payment. If the Committee has notice that a Participant entitled to a distribution hereunder, or his Beneficiary, is incapable of caring for his own affairs, because of illness or otherwise, the Committee may direct that any distribution from such Participant's Accounts may be made, in such shares as the Committee shall determine, to the spouse, child, parent or other blood relative of such Participant, or his Beneficiary, or any of them, or to such other person or persons as the Committee may determine, until such date as the Committee shall determine that such incapacity no longer exists. The Committee shall be under no obligation to see to the proper application of the distributions so made to such person or persons, and any such distribution shall be a complete discharge of any liability under the Plan to such Participant, or his Beneficiary, to the extent of such distribution.
- 11.9 Allocation in the Event of Advance Contributions. In the event that the Employer's tax deduction with respect to amounts contributed to the Plan pursuant to Articles III and IV for the months in the final quarter of a Plan Year results in such amounts being deemed advanced contributions of the Employer with respect to the taxable year of the Employer ending within such Plan Year, such amounts shall be considered allocated pursuant to Articles III and IV, as applicable, as of the last day of such taxable year.
- 11.10 Executive Committee of the Board. Any action which is required or permitted to be taken by the Board under the Plan may be taken by the Executive Committee of the Board or any authorized committee of the Board.
- 11.11 Qualified Domestic Relations Orders. Anything in this Plan to the contrary notwithstanding:
- (a) Alternate Payee's Accounts. An alternate payee under a domestic relations order determined by the Corporation

to be a qualified domestic relations order (as defined in Code section 414(p)) shall have established and maintained for him separate Accounts similar to the Accounts of the Participant specified in the qualified domestic relations order. The alternate payee's Accounts shall be credited with his interest in such Participant's Accounts, as determined under the qualified domestic relations order. Except to the extent specifically provided by the qualified domestic relations order, no amount of the non-vested portion, if any, of the Participant's Employer Accounts shall be credited to the alternate payee's Accounts. Subsection 6.2(d) and Sections 6.3, 6.4 and 6.5 shall apply to the alternate payee's Accounts as if the alternate payee were a Participant.

- (b) Investment of Alternate Payee's Accounts. On or after the date which is three months following the effective date of the qualified domestic relations order, an alternate payee may on Timely Notice elect to reallocate, effective as of the first Valuation Date following his election, all or any percentage portion of any of his Employee Accounts or Employer Accounts or both, provided the alternate payee has not elected a reallocation within the preceding three months. An alternate payee's interest arising from this reallocation shall be invested in the various funds in accordance with the alternate payee's directions. For purposes of subsection 6.1(b), any such reallocation shall be treated as a reallocation in accordance with subsection 6.1(a).
- (c) Alternate Payee's Beneficiary. Except to the extent otherwise provided by the qualified domestic relations order relating to an alternate payee:
 - (i) the alternate payee may designate on Timely Notice a beneficiary,
 - (ii) if no such person is validly designated or if the designated person predeceases the alternate payee, the beneficiary of the alternate payee shall be his estate, and
 - (iii) the beneficiary of the alternate payee shall be accorded under the Plan all the rights and privileges of the Beneficiary of a Participant.
- (d) Distribution to Alternate Payee. An alternate payee shall be entitled to receive a distribution from the Plan in accordance with the qualified domestic relations order relating to the alternate payee. Such distribution may be made only in a method provided in Section 7.4 and shall include only such amounts as have

become vested; provided, however, that if a qualified domestic relations order so provides, a lump sum distribution of the total vested amount credited to the alternate payee's Accounts may be made to the alternate payee before the date that the Participant specified in

the qualified domestic relations order attains his earliest retirement age (as defined in Code section 414(p)(4)(B)). A qualified domestic relations order may provide that until a distribution is made to the alternate payee, the alternate payee may make withdrawals in accordance with Article VIII as if the alternate payee were an employed Participant; provided, however, that no withdrawal suspension penalties shall be imposed on account of a withdrawal by an alternate payee.

- (e) Vesting of Alternate Payee's Accounts. In the event that the qualified domestic relations order provides for all or part of the non-vested portion of the Participant's Employer Accounts to be credited to the Accounts of the alternate payee, such amounts shall vest and/or be forfeited at the same time and in the same manner as the Accounts of the Participant specified in the qualified domestic relations order; provided, however, that no forfeiture shall result to the Accounts of the alternate payee due to any distribution to or withdrawal by the Participant from his Accounts or any distribution to or withdrawal by the alternate payee from the vested portion of the Accounts of the alternate payee.

11.12 Tax Reform Act of 1986; Special Effective Dates. In addition to the other limitations set forth in the Plan and notwithstanding the provisions relating to the effective date of the Plan, the Plan shall be or shall have been administered (i) according to the applicable provisions (as determined by the Committee) of the Tax Reform Act of 1986 and (ii) with the following provisions effective as of the dates specified:

- (a) Subsections 2.1(b) and 4.4, relating to the Actual Contribution Percentage, which shall be effective April 1, 1987;
- (b) Subsection 2.1(c), relating to the definition of Affiliated Employer for purposes of Article XIV, which shall be effective April 1, 1987;
- (c) Subsection 2.1(d), relating to the limit on compensation used to determine a Participant's Base Hourly Wages which shall be effective January 1, 1989;
- (d) Subsection 2.1(q), relating to exclusion of leased employees from definition of Eligible Employee, which shall be effective for services performed after December 31, 1986;
- (e) Subsection 2.1(jj), relating to the definition of Highly Compensated Eligible Employee, which shall be effective April 1, 1987;
- (f) Subsections 2.1(aaa) and 3.2(c), relating to Special Unrestricted After-Tax Contributions which shall be effective April 1, 1989;
- (g) Subsection 2.1(fff), relating to Total Compensation, which shall be effective April 1, 1987, with said limitation contained therein, effective January 1, 1989;
- (h) Subsection 7.1(d), relating to the vesting provisions under the Plan, which shall be effective

April 1, 1989;

- (i) Sections 8.1 through 8.5, relating to withdrawals from the Plan, which shall be effective April 1, 1989;
- (j) Subsections 12.1(a)(1)(C), 12.1(a)(ii)(D), 12.1(a)(ii)(F) through (G), and 12.1 (a)(vi)(A)(1), relating to the limit on Annual Additions to the Plan, which shall be effective for Limitation Years beginning after December 31, 1986.

ARTICLE XII

LIMITATIONS ON BENEFITS

12.1 Definitions and Rules:

- (a) Definitions: For purposes of Article XII, the following definitions and rules of interpretation shall apply.
 - (i) "Annual Additions" to a Participant's Accounts under this Plan is the sum, credited to a Participant's Accounts for any Limitation Year, of:
 - (A) Company contributions,
 - (B) forfeitures, if any, and
 - (C) Participant Contributions.
 - (ii) "Annual Benefit" -
 - (A) A benefit which is payable annually in the form of a straight life annuity under a defined benefit plan maintained by the Company which is subject to the limitations of Code section 415; in the case of such a benefit which is not payable in the form of a straight life annuity, the benefit will be adjusted in accordance with Section 12.1(a)(ii)(C) below.
 - (B) When there is a transfer of assets or liabilities from one qualified plan to another, the Annual Benefit attributable to the assets transferred shall not be taken into

account by the transferee plan in applying the limitations of Code section 415. The Annual Benefit payable on account of the transfer for any individual that is attributable to the assets transferred will be equal to the annual benefit transferred on behalf of such individual multiplied by a fraction, the numerator of which is the value of the total assets transferred and the denominator of which is the value of the total liabilities transferred.

- (C) In the case of a retirement benefit under a defined benefit plan subject to the limitations of Code section 415(b) which is in any form other than a straight life annuity, such benefit will be adjusted to a straight life annuity beginning at the same age which is the actuarial equivalent of such benefit in

accordance with applicable regulations and rules determined by the Commissioner, but without taking into account:

- (1) the value of a qualified joint and survivor annuity (as defined in Code section 401(a)(11)(G)(iii) and the regulations thereunder) provided by a defined benefit plan to the extent that such value exceeds the sum of (a) the value of a straight life annuity beginning on the same date and (b) the value of any post-retirement death benefits which would be payable even if the annuity were not in the form of a joint and survivor annuity,
 - (2) the value of benefits that are not directly related to retirement benefits (such as, but not limited to, pre-retirement disability and death benefits), and
 - (3) the value of benefits provided by a defined benefit plan which reflect post-retirement cost of living increases to the extent that such increases are in accordance with Code section 415(d) and the regulations thereunder.
- (D) In the case of a retirement benefit beginning before the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.
- (E) If a Participant has less than 10 Years of Vesting Service with the Company at the time the Participant begins to receive retirement benefits under a defined benefit plan, the benefit limitations described in Code section 415(b)(1) and (4) are to be reduced by

multiplying the otherwise applicable limitation by a fraction, the numerator of which is the number of Years of Vesting Service with the Company as of, and including,

the current Limitation Year, and the denominator of which is 10. For purposes of this paragraph (E), Years of Vesting Service shall be determined in accordance with such defined benefit plan.

- (F) In the case of a retirement benefit beginning after the Social Security Retirement Age under a defined benefit plan subject to the limitations of Code section 415(b), such benefit will be adjusted to the actuarial equivalent of a benefit beginning at the Social Security Retirement Age in accordance with applicable regulations and rules determined by the Commissioner, but this adjustment is only for purposes of applying the dollar limitation described in Code section 415(b)(1)(A) to the Annual Benefit of the Participant.
 - (G) For purposes of this Section, the "Social Security Retirement Age" shall mean the age used as the retirement age under section 216(1) of the Social Security Act, applied without regard to the age increase factor and as if the early retirement age under section 216(1)(2) of the Social Security Act were 62.
- (iii) "Company" - any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b) and modified by Code section 415(h)) or an affiliated service group (as defined in Code section 414(m)) which includes an Employer; any trades or businesses (whether or not incorporated) which are under common control (as defined in Code section 414(c) and modified by Code section 415(h)) with an Employer; or any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
 - (iv) "Compensation" with respect to a Limitation Year -
 - (A) includes amounts actually paid or made available to a Participant (regardless of whether he was such during the entire Limitation Year);
 - (1) as wages, salaries, fees for professional service, and other amounts received for personal services actually rendered in the course of employment with the Company including but not limited to commissions, compensation for services on the basis of a percentage of profits and bonuses;

- (2) for purposes of (i) above, earned income from sources outside the United States (as defined in Code section 911(b)); whether or not excludable from gross income under Code section 911 or deductible under Code section 913;
 - (3) amounts described in Code sections 104(a)(3), 105(a) and 105(h) but only to the extent that these amounts are includable in the gross income of the Participant;
 - (4) amounts paid or reimbursed by the Company for moving expenses incurred by the Participant, but only to the extent that these amounts are not deductible by the Participant under Code section 217;
 - (5) value of a nonqualified stock option granted to the Participant, but only to the extent that the value of the option is includable in the gross income of the Participant in the taxable year in which granted;
 - (6) the amount includable in the gross income of a Participant upon making the election described in Code section 83(b).
- (B) excludes -
- (1) contributions made by the Company to a plan of deferred compensation to the extent that, before the application of the Code section 415 limitations to that plan, the contributions are not includable in the gross income of the Participant for the taxable year in which contributed and any distributions from a plan of deferred compensation, regardless of whether such amounts are includable in the gross income of the Participant when distributed; provided, however, any amounts received by a Participant pursuant to an unfunded nonqualified plan shall be considered as Compensation in the year such amounts are includable in the gross income of the Participant;
 - (2) amounts realized from the exercise of a nonqualified stock option, or recognized when restricted stock (or property) held

by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture pursuant to Code section 83 and the regulations thereunder;

- (3) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option;
- (4) other amounts which receive special tax benefits such as premiums for group term life insurance (but only to the extent that the premiums are not includable in

the gross income of the Participant); and

- (5) Compensation in excess of \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

(v) "Limitation Year" - a calendar year.

(vi) "Maximum Permissible Amount" -

(A) for a Limitation Year, with respect to any Participant, subject to the rule in paragraph (B), the lesser of

- (1) \$30,000 (or, if greater, 1/4 of the dollar limitation in effect under Code section 415(b)(1)(A)), or

- (2) 25% of the Participant's Compensation for the Limitation Year.

(B) As of January 1 of each calendar year, the dollar limitation set forth in subparagraph (A)(1) above shall be adjusted automatically for cost-of-living increases to equal the dollar limitation as determined by the Commissioner for that calendar year under Code section 415(d)(1)(B). This adjusted dollar limitation applies for the Limitation Year ending with that calendar year.

(vii) "Projected Annual Benefit" - the Annual Benefit to which a Participant would be entitled under a defined benefit plan maintained by the Company on the assumptions that he or she continues employment until the normal retirement age (or current age, if that is later) thereunder, that his or her Compensation continues at the same rate as in effect for the Limitation Year under consideration

until such age, and that all other relevant factors used to determine benefits under the Plan remain constant as of the current Limitation Year for all future Limitation Years.

(b) Other Rule. For purposes of applying the limitations of Code section 415(b), (c) and (e) applicable to a Participant for a particular Limitation Year, all qualified defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as part of this Plan and all qualified defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the Company will be treated as one defined benefit plan.

12.2 Limits:

(a) Annual Addition Limit. The amount of the Annual Addition which may be credited under this Plan to any Participant's Accounts as of any allocation date shall not exceed the Maximum Permissible Amount (based upon his Compensation up to such allocation date) reduced by the sum of any Annual Additions made to the Participant's Accounts under this Plan as of any preceding allocation date within the Limitation Year. If an allocation date of this Plan coincides with an allocation date of any other qualified defined contribution plan maintained by the Company, the amount of the Annual Additions which may be credited under this

Plan to any Participant's Accounts as of such date shall be an amount equal to the product of the amount to be credited under this Plan without regard to this Section 12.2 multiplied by the lesser of 1.0 or a fraction, the numerator of which is the amount described in this subsection (a) of Section 12.2 during the Limitation Year and the denominator of which is the amount that would otherwise be credited on this allocation date under all plans without regard to this Section 12.2. If contributions to this Plan by or on behalf of a Participant are to be reduced as a result of this Section 12.2, such reduction shall be effected by first reducing any Unrestricted After-Tax Contributions and second, if and to the extent necessary, by proportionately reducing any Basic After-Tax Contributions and corresponding Company Matching Contributions. If as a result of a reasonable error in estimating a Participant's Compensation, or under the limited facts and circumstances which the Commissioner finds justify the availability of the rules set forth in this Section 12.2, the allocation of Annual Additions under the terms of the Plan for a particular Participant would cause the limitations of Code section 415 applicable to that Participant for the Limitation Year to be exceeded, the excess amounts shall not be deemed

to be Annual Additions in that Limitation Year if they are treated as follows:

- (i) The excess amounts in the Participant's Account consisting of Participant Contributions and any increment attributable thereto shall be paid to the Participant as soon as administratively feasible.
- (ii) The excess amounts in the Participant's Account consisting of Company Matching Contributions shall be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for that Participant if that Participant is covered by the Plan as of the end of the Limitation Year. However, if that Participant is not covered by the Plan as of the end of the Limitation Year then the excess amounts must be held unallocated in a suspense account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Participants in the Plan. If a suspense account is in existence at any time during a particular Limitation Year, other than the first Limitation Year described in the preceding sentence, all amounts in the suspense account must be allocated and reallocated to Participant's Accounts (subject to the limitations of Code section 415) before any Employer Contributions and Participant Deposits which would constitute Annual Additions may be made to the Plan for that Limitation Year and such excess amounts must be used to reduce Company Matching Contributions for the next Limitation Year (and succeeding Limitation Plan Years, as necessary) for all of the remaining Participants in the Plan. For purposes of this subdivision, excess amounts may not be distributed to Participants or former Participants.
- (iii) In the event of termination of the Plan the suspense account described in (ii) above shall revert to the Employer to the extent it may not then be allocated to any Participant's Account.

(iv) Notwithstanding any other provision in this Section 12.2, the Employer shall not contribute any amount that would cause an allocation to the suspense account as of the date the contribution is allocated. If the contribution is made prior to the date as of which it is to be allocated, then such contribution shall not exceed an amount that would cause an allocation to the suspense account if the date of contribution were an allocation date.

(b) Overall Limit. For any Participant of this Plan who at any time participated in a defined benefit plan maintained by the Company, the rate of benefit accrual by such Participant in each defined benefit plan in which the Participant participates during the Limitation Year will be reduced to the extent necessary to prevent the sum of the following fractions, computed as of the close of the Limitation Year, from exceeding 1.0:

(i) The Projected Annual Benefit of the Participant under the defined benefit plan

over

The lesser of (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(b)(1)(A) for such Limitation Year or (2) the product of 1.4 multiplied by the amount which may be taken into account under Code section 415(b)(1)(B) with respect to such Participant for such Limitation Year,

plus

(ii) The sum of Annual Additions to such Participant's Accounts under this Plan in such Limitation Year and for all prior Limitation Years

over

The sum of the lesser of the following amounts determined for such year and for each prior year of service with the Company: (1) the product of 1.25 multiplied by the dollar limitation in effect under Code section 415(c)(1)(A) for such Limitation Year or (2) the product of 1.4 multiplied by 25% of the Participant's Compensation for such Limitation Year.

(c) Special Rules Applicable to Computation of Overall Limit.

(i) For purposes of applying the defined contribution plan fraction in Section 12.2(b), for any Limitation Year beginning after December 31, 1975, the following rules shall apply with respect to Limitation Years before January 1, 1976:

(A) The aggregate amount taken into account in determining the numerator of such fraction is deemed not to exceed the aggregate amount taken into account in determining the denominator of the fraction.

- (B) The amount taken into account for purposes of subsection 12.1(a)(i)(C)(1) is an amount equal to the excess of the aggregate amount of the Participant's contributions for such years during which he was an active participant in the Plan over 10% of the Participant's aggregate Compensation for all such years, multiplied by a fraction, the numerator of which is 1.0 and the denominator of which is the number of years beginning before January 1, 1976, during which the Participant participated in the Plan. Participant contributions made on or after October 2, 1973, shall be taken into account for purposes of the preceding sentence only to the extent that the amount of such contributions was permissible under a plan as in effect on that date.
- (ii) In any case where the sum of the fractions in Section 12.2(b) is greater than 1.0 calculated as of the close of the last Limitation Year beginning before January 1, 1983 for a Participant in accordance with regulations prescribed by the Commissioner pursuant to Section 235(g)(3) of the Tax Equity and Fiscal Responsibility Act of 1982, an amount shall be subtracted from the numerator of the defined contribution plan fraction so that the sum of such fractions does not exceed 1.0 for such Limitation Year.

ARTICLE XIII

MERGER

No merger or consolidation with or transfer of any assets or liabilities to any other plan after September 2, 1974, shall be made unless, upon completion thereof, the value of each

Participant's Account shall immediately after said merger, consolidation, or transfer be equal to or greater than the value of the Participant's Account immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

ARTICLE XIV

TOP-HEAVY REQUIREMENTS

14.1 Top-Heavy Requirements. Notwithstanding any other provisions of this Plan, the following rules shall apply for any Plan Year if as of the last day of the preceding Plan Year, based on valuations as of such date, the sum of the present value of accrued benefits and Accounts of "key employees" (within the meaning of Code section 416) exceeds 60% of a similar sum for all employees under each plan of the Employer or any Affiliated Employer in which a "key employee" participates and each other plan of the Employer or any Affiliated Employer which enables any such plan to meet the requirements of Code section 401(a)(4) or 410. A Plan Year during which such rules apply shall be known as a "Top-Heavy Plan Year."

- (a) Vesting. A Participant who is credited with an Hour of Service during the Top-Heavy Plan Year, or in any Plan Year after the Top-Heavy Plan Year, and who has completed at least three years of Service shall have a

nonforfeitable right to 100% of his Employer Accounts and no such amount may become forfeitable if the Plan later ceases to be Top-Heavy nor may such amount be forfeited under the provisions of Code sections 411(a)(3)(B) (relating to suspension of benefits upon reemployment) or 411(a)(3)(D) (relating to forfeitures upon withdrawal of mandatory contributions). If the Plan become Top-Heavy and later ceases to be Top-Heavy, this vesting schedule shall no longer apply and benefits which have not at such time vested under this schedule shall vest only in accordance with other provisions of this Plan, provided that any Participant with at least 3 years of Service shall be entitled to continue to utilize this schedule for vesting purposes by making an election at the time and in the manner specified by the Committee.

- (b) Required Contributions. Each Employer shall contribute on behalf of each employee eligible to participate in the Plan, the lesser of:
 - (i) 3% of such employee's compensation (within the meaning of Code section 415); or
 - (ii) the percentage of such employee's compensation (within the meaning of Code section 415) which is equal to the percentage at which contributions were made for that Plan Year on behalf of the "key employee" for whom such percentage is the greatest for such Plan Year, as prescribed by Code section 416(c)(2)(B) and regulations thereunder;

provided, however, that any contributions for any employee required of any Employer by the above provisions of this subsection 14.1(b) shall be reduced by the amount of any Company Matching Contribution made with respect to such Plan Year for such employee under Article IV of this Plan. Any contribution made pursuant to this subsection 14.1(b) shall be allocated to the Employer Stock Account on behalf of the employee for whom such contribution is made.

- (c) Additional Limitations. No allocations may be made to the Account of a Participant the sum of whose defined benefit plan fraction and defined contribution plan fraction, as defined in Code section 415(e), exceeds 1.0 when the dollar amounts, as defined in Section 12.2(b) hereof, are multiplied by 1.0 rather than 1.25.

The provisions of this Section 14.1 shall be interpreted in accordance with the provisions of Code section 416 and any regulations thereunder, which are hereby expressly incorporated by reference.

- (d) Coordination. In the event a top heavy minimum contribution or benefit is required under this Plan or another plan of an Employer that covers a Participant, the top heavy minimum contribution or benefit, as appropriate, shall be provided in this Plan.

H-61-A

APPENDIX A

LIST OF EMPLOYERS, PARTICIPATING UNITS, APPLICABLE SCHEDULES
AND EFFECTIVE DATES OF PARTICIPATION IN THE PLAN

| Employers and Participating Units | Schedule | Effective Date |
|---|----------|-----------------|
| Avent, Inc. No Participating Units. | - | - |
| Coosa Pines Golf Club, Incorporated All hourly employees of this Employer, including those on temporary assignment in other classifications or at other Employers, but excluding employees on temporary assignment from another Employer or classification. | XXVIII | July 1, 1989 |
| K-C Aviation Inc. No Participating Units. | -- | |
| Kimberly-Clark Corporation | | |
| (a) Ancram Mill: All hourly employees of this unit who are represented by the United Paperworkers International Union, AFL-CIO, Local No. 1479, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XX | January 1, 1985 |
| (b) Atlas Mill: All hourly employees of this unit who are represented by the Kimberly-Clark Atlas Union, including those on temporary assignment in other classifications or at other units or Employers, but excluding | XIV | April 1, 1981 |

employees on temporary

assignment from another
unit, Employer or
classification.

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|-----|--|------|------------------|
| (c) | Beech Island Mill: All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | II | February 1, 1968 |
| (d) | Berkeley Mills: All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | III | August 1, 1967 |
| (e) | Brown-Bridge Division: All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | X | January 1, 1975 |
| (f) | Coosa Forest Products-Goodwater, Roanoke, Nixburg and Ashville: All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or | XXIX | July 1, 1989 |

classification.

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|-----|--|------|---|
| (g) | Coosa Forest Products-Mountain Shadows: All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification." | XXX | April 1, 1991 |
| | | | |
| (h) | Coosa Mill: All hourly employees of this unit who are represented by the United Paperworkers International Union, AFL-CIO, Locals 692, 1693, 1595 and 692-Woodlands; the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, Local 91; the International Brotherhood of Electrical Workers, Local 1629; and the International Association of Machinists and Aerospace Workers, Local Lodge 985, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XXVI | April 1, 1987 |
| | | | |
| (i) | Fullerton Mill: All hourly employees of this unit who are represented by the Association of Western Pulp & Paperworkers, Local No. 672, including those on temporary assignment in | XXV | October 1, 1986 |
| | | | |
| | other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | | |
| | | | |
| (j) | Kimtech Plant: All hourly machinery installation employees of this unit who are represented by Local Lodge No. 1855 of the International Association of Machinists and Aerospace Workers, AFL- | XV | January 1, 1988 (Kimtech Ltd. - January 1, 1984 through December 31, 1987) |

CIO, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification

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|-----|---|-------|---|
| (k) | Kimtech Plant: All hourly machinist employees of this unit who are represented by Lodge No. 1855 of the International Association of Machinists and Aerospace Workers, AFL-CIO, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XVII | January 1, 1988 (Kimtech Ltd. - January 1, 1984 through December 31, 1987) |
| | | | |
| (l) | Karolton Envelope - Ohio: All hourly employees of this unit who are represented by the United Paperworkers International Union, AFL-CIO, Local 1792, including those on temporary assignment in | XXVII | October 1, 1988 |

other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

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|-----|---|------|-----------------|
| (m) | LaGrange Mill: All nonexempt salaried employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XXII | January 1, 1986 |
| | | | |
| (n) | Lee Mills: All hourly employees of this unit who are represented by The United Paperworkers International Union, AFL-CIO, Local 78, including those on temporary assignment in other classifications or at other units of Employers, but excluding employees | XIX | October 1, 1984 |

on temporary assignment
from another unit,
Employer or
classification.

- (o) Lexington Mill: All nonexempt salaried employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. XXI October 1, 1985
- (p) Maumelle Facility: All nonexempt salaried employees of this unit, including those on

temporary assignment in
other classifications or
at other units or
Employers, but excluding
employees on temporary
assignment from another
unit, Employer or
classification.

- (q) Memphis Mill: All hourly employees of this unit who are represented by The United Paperworkers International Union, affiliated with the AFL-CIO, and the respective Local Unions Nos. 704, 751 and 566, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. VI July 1, 1974
- (r) Memphis Mill: All hourly employees of this unit who are represented by the International Association of Machinists and Aerospace Workers, Local DeSoto Lodge No. 3, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. VII July 1, 1974
- (s) Minnesota Fiber Mills: All hourly employees of VIII August 1, 1967

this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment

from another unit, Employer or classification.

- | | | | |
|-----|--|------|-----------------|
| (t) | Munising Mill: All hourly employees of this unit who are represented by the United Paperworkers International Union, Locals No. 87 and 96, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XVI | October 1, 1982 |
| (u) | Neenah Mill: All hourly employees of this unit who are represented by The United Paperworkers International Union, affiliated with the AFL-CIO, Local Union No. 482, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XII | April 1, 1979 |
| (v) | Neenah Paper: All hourly employees of this unit who are represented by the United Paperworkers International Union, Local No. 1170, including those on temporary assignment in other classifications or at other units or Employers, but excluding hourly employees at the Whiting Mill and employees on temporary assignment from another unit, Employer or classification. | XIII | April 1, 1979 |

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|-----|--|--------|----------------|
| (w) | Neenah Paper - Whiting Mill: All hourly employees of this unit who are represented by the United Paperworkers International Union, AFL-CIO, Local 370, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XXXIII | April 1, 1993 |
| (x) | New Milford Mill: All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | IX | August 1, 1967 |
| (y) | Ogden Mill: All nonexempt salaried employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification. | XXIII | July 1, 1986 |
| (z) | Paris Plant: All nonexempt salaried employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or | XVIII | April 1, 1984 |

classification.

- | | | | |
|------|---|------|-----------------|
| (aa) | Spotswood Mill: All hourly employees of this unit who are represented by the United Paperworkers International Union, AFL-CIO, Local No. 1482, including those on temporary assignment in | XXIV | October 1, 1986 |
|------|---|------|-----------------|

other classifications or
at other units or
Employers, but excluding
employees on temporary
assignment from another
unit, Employer or
classification.

| | | |
|--|----|--|
| Kimberly-Clark Integrated Services Corporation: All professional drivers (other than casual drivers) and hourly employees of this Employer, including those on temporary assignment in other classifications or at other Employers, but excluding employees on temporary assignment from another Employer or classification. | XI | July 1, 1981 (Integrated Services Division/ Company - January 1, 1976 through June 30, 1981) |
| Kimberly-Clark International Services Corporation No Participating Units. | - | - |

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES
INCENTIVE INVESTMENT PLAN

APPENDIX

REVENUE RECONCILIATION ACT OF 1993 AMENDMENTS

In addition to other applicable limitations which may be set forth in the Plan and notwithstanding any other contrary provision of the Plan, compensation taken into account under the plan shall not exceed \$150,000, adjusted for changes in the cost of living as provided in section 415(d) of the Internal Revenue Code, for the purpose of calculating a Plan participant's accrued benefit (including the right to any optional benefit provided under the Plan) for any Plan Year commencing after December 31, 1993. However, the accrued benefit determined in accordance with this provision shall not be less than the accrued benefit determined on January 1, 1994, without regard to this provision.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE II

(As amended through March 31, 1993)

(Beech Island Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Beech Island Mill, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE III

(As amended through March 31, 1993)

(Berkeley Mills)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Berkeley Mills, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE VI

(As amended through March 31, 1993)

(Memphis Mill - Paperworkers Unit)

and SCHEDULE VII

(As amended through March 31, 1993)

(Memphis Mill - IAM Unit)

With respect to the Participating Unit under Schedule VI, consisting of all hourly employees of the Memphis Mill who are represented by The United Paperworkers International Union, affiliated with AFL-CIO, and the respective Local Unions Nos. 704, 751 and 566, and with respect to the Participating Unit under Schedule VII, consisting of all hourly employees of the Memphis Mill who are represented by the International Association of Machinists and Aerospace Workers, Local DeSoto Lodge No. 3, this Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE VIII

(As amended through March 31, 1993)

(Minnesota Fiber Operations)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Minnesota Fiber Operations, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE IX

(As amended through March 31, 1993)

(New Milford Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the New Milford Mill, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION

HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE X

(As amended through March 31, 1993)

(Brown-Bridge Division)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Brown-Bridge Division, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE XI

(As amended through March 31, 1993)

(Kimberly-Clark Integrated Services Corporation)

With respect to the Participating Unit under this Schedule, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XII

(As amended through March 31, 1993)

(Neenah Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Neenah Mill who are represented by The United Paperworkers International Union, affiliated with the AFL-CIO, Local Union No. 482, the Plan shall apply with full force and effect, except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XIII

(As amended through March 31, 1993)

(Neenah Paper)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of Neenah Paper - Neenah who are represented by the United Paperworkers International Union, Local No. 1170, the Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION

HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XIV

(As amended through March 31, 1993)

(Atlas Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Atlas Mill who are represented by the Kimberly-Clark Atlas Union, the Plan shall apply with full force and effect except as may be otherwise provided from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION

HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XV

(As amended through March 31, 1993)

(Kimtech Plant - Machinery Installation Unit)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the machinery installation unit of the Kimtech Plant who are represented by Local Lodge No. 1855 of the International Association of Machinists and Aerospace Workers, AFL-CIO, the Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XVI

(As amended through March 31, 1993)

(Munising Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Munising Mill who are represented by the United Paperworkers International Union, Locals Nos. 87 and 96, the Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XVII

(As amended through March 31, 1993)

(Kimtech Plant - Machinists Unit)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the machinists unit of the Kimtech Plant who are represented by Local Lodge No. 1855 of the International Association of Machinists and Aerospace Workers, AFL-CIO, the Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE XVIII

(As amended through March 31, 1993)

(Paris Plant)

With respect to the Participating Unit under this Schedule, consisting of all nonexempt salaried employees of the Paris Plant, the Plan shall apply with full force and effect, except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XIX

(As amended through March 31, 1993)

(Lee Mills)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of Lee Mills who are represented by the United Paperworkers International Union, AFL-CIO, Local No. 78, the Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XX

(As amended through May 24, 1994)

(Ancram Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Ancram Mill who are represented by the United Paperworkers International Union, AFL-CIO, Local No. 1479, the Plan shall apply with full force and effect except that Articles II and IV of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) **Board:** The Board of Directors of the Corporation.
- (h) **Code:** The Internal Revenue Code of 1986, as amended from time to time.
- (i) **Commissioner:** The Commissioner of the Internal Revenue Service.
- (j) **Committee:** The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) **Company Matching Contributions:** Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) **Contributions:** Amounts deposited under the Plan by Participants as provided in Article III.
- (m) **Corporation:** Kimberly-Clark Corporation (a Delaware corporation).

- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and

(v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.

- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (ll) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a

manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

(mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.

(nn) Lump Sum Distribution: As defined in subsection 7.3(a).

(oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).

(pp) Matured Withdrawal Year: As defined in Section 8.2.

(qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

(i) August 1, 1967 to July 31, 1968

(ii) August 1, 1968 to July 31, 1969

(iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in

any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
- (ii) any condition incurred as a result of or incidental

to a felonious act perpetrated by the Participant,
and

- (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (jjj) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (mmm) Valuation Date: The last day of each month.
- (nnn) Withdrawal Year: As defined in Section 8.1.
- (ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of

Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
 - (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to

(ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **All Cash Distribution:** As defined in 7.3(c).

- (e) **All Stock Distribution:** As defined in subsection 7.3(a).
- (f) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) **Board:** The Board of Directors of the Corporation.

- (j) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (k) Commissioner: The Commissioner of the Internal Revenue Service.
- (l) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (n) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
 - (i) he is an employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (w), (x), (y) and (z) of Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.

- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).
- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military

service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

(oo) K-C Stock Fund: An unsegregated fund to be invested in

Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.

(pp) Matured Withdrawal Year: As defined in Section 8.2.

(qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of

the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968
- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (fff) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (ggg) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.

- (hhh) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (iii) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (jjj) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (kkk) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (lll) Trustee: The trustee under the Trust.
- (mmm) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (nnn) Valuation Date: The last day of each month.
- (ooo) Withdrawal Year: As defined in Section 8.1.
- (ppp) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

- 2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE IV

EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.4, Company Matching Contributions for each twelve calendar month period beginning on April 1 of one year and ending March 31 of the following year (herein called the "Match Year") shall be not less than 10% nor more than 50% of Basic After-Tax Contributions. Within such limits, Company Matching Contributions for each Match Year shall depend upon the allocation of Basic After-Tax Contributions by Participants and upon Profit Improvement as follows:

Company Matching Contributions shall be as a percent of Participants' Basic After-Tax Contributions for that Match Year allocated to:

| If Profit Improvement is | The Government Fund, The Diversified Fund, or The Fixed Income Fund | The K-C Stock Fund |
|--------------------------------|---|-----------------------|
| None | 10% | 25% |
| Less than 7% | 10% | 25% |
| 7% but less than 11% | 15% | 30% |
| 11% but less than 13% | 20% | 35% |
| 13% but less than 15% | 20% | 40% |

15% but less than 17%
17% or more

20%
20%

45%
50%

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

4.2 Profit Improvement.

- (a) General: For each of the Corporation's fiscal years, the earnings after taxes per share of Corporation Stock as reported or to be reported by the Corporation in its annual report to its stockholders (herein called "earnings per share") shall be ascertained by the Committee and entered in its records. The Committee shall then compute for each Match Year
 - (i) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the earnings per share for the fiscal year immediately preceding that fiscal year, and
 - (ii) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the simple arithmetic average of the earnings per share for the three fiscal years immediately preceding that fiscal year,and Profit Improvement for the Match Year shall be the lower of the two percentages.
- (b) Adjustments: In the event of stock splits, stock dividends, changes in capital structure, reorganizations, acquisitions, or any other event which makes the Corporation's earnings per share for one year not fairly comparable as determined by the Board, with earnings per share for immediately preceding years, the Board may make such adjustments thereto as it deems necessary and desirable in accordance with sound accounting practice.

4.3 Allocation and Payment of Company Matching Contributions. Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation

Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.4 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.5 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
- (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
 - (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year (if any) in excess of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.5(a)(i) shall be determined in the manner set forth in subsection 4.5(a)(iii).
- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied

by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.5(a)(i) above.

KIMBERLY-CLARK CORPORATION

HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XXI

(As amended through March 31, 1993)

(Lexington Mill)

With respect to the Participating Unit under this Schedule, consisting of all nonexempt salaried employees of the Lexington Mill, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XXII

(As amended through March 31, 1993)

(LaGrange Mill)

With respect to the Participating Unit under this Schedule, consisting of all nonexempt salaried employees of the LaGrange Mill, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XXIII

(As amended through March 31, 1993)

(Ogden Mill)

With respect to the Participating Unit under this Schedule, consisting of all nonexempt salaried employees of the Ogden Mill, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XXIV

(As amended through March 31, 1993)

(Spotswood Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Spotswood Mill who are represented by the United Paperworkers International Union, AFL-CIO, Local No. 1482, the Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE XXV

(As amended through March 31, 1993)

(Fullerton Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Fullerton Mill who are represented by the Association of Western Pulp & Paperworkers, Local No. 672, the Plan shall apply with full force and effect.

SCHEDULE XXVI

(As amended through May 24, 1994)

(Coosa Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Coosa Mill who are represented by the United Paperworkers International Union, Locals Nos. 692, 1693 and 1595; the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, Local No. 91; Local Union No. 1629 of the International Brotherhood of Electrical Workers; and the International Association of Machinists and Aerospace Workers, Local Lodge No. 985; and all hourly employees at Coosa Forest Products-Woodlands who are represented by the United Paperworkers International Union, Local No. 692, the Plan shall apply with full force and effect except that Articles II and IV of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation

of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) **Board:** The Board of Directors of the Corporation.
- (h) **Code:** The Internal Revenue Code of 1986, as amended from time to time.
- (i) **Commissioner:** The Commissioner of the Internal Revenue Service.
- (j) **Committee:** The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) **Company Matching Contributions:** Amounts contributed under the Plan by Employers as provided in Article IV.

- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company

Matching Contributions.

- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (11) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such

acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

(mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.

(nn) Lump Sum Distribution: As defined in subsection 7.3(a).

- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).
- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).
- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

(i) August 1, 1967 to July 31, 1968

(ii) August 1, 1968 to July 31, 1969

(iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in

any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other

than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,

- (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
- (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (jjj) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (mmm) Valuation Date: The last day of each month.
- (nnn) Withdrawal Year: As defined in Section 8.1.
- (ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of

Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
 - (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching

Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to

- (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **All Cash Distribution:** As defined in 7.3(c).
- (e) **All Stock Distribution:** As defined in subsection 7.3(a).
- (f) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and

- (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) Board: The Board of Directors of the Corporation.
- (j) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (k) Commissioner: The Commissioner of the Internal Revenue Service.
- (l) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
-
- (n) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
 - (i) he is an employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and

(iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (w), (x), (y) and (z) of Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.

- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).
- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or

agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs

(1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar

month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968
- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (fff) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (ggg) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.

- (hhh) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (iii) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (jjj) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (kkk) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (lll) Trustee: The trustee under the Trust.
- (mmm) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (nnn) Valuation Date: The last day of each month.
- (ooo) Withdrawal Year: As defined in Section 8.1.
- (ppp) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's

Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

- 2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE IV

EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.4, Company Matching Contributions for each twelve calendar month period beginning on April 1 of one year and ending March 31 of the following year (herein called the "Match Year") shall be not less than 10% nor more than 50% of Basic After-Tax Contributions. Within such limits, Company Matching Contributions for each Match Year shall depend upon the allocation of Basic After-Tax Contributions by Participants and upon Profit Improvement as follows:

Company Matching Contributions shall be as a percent of Participants' Basic After-Tax Contributions for that Match Year allocated to:

| | |
|--------------------|---------------------------------------|
| If | The Government Fund, |
| Profit Improvement | The Diversified Fund, or The K-C |
| is | The Fixed Income Fund Stock Fund |

| | | |
|-----------------------|-----|-----|
| None | 10% | 25% |
| Less than 7% | 10% | 25% |
| 7% but less than 11% | 15% | 30% |
| 11% but less than 13% | 20% | 35% |
| 13% but less than 15% | 20% | 40% |
| 15% but less than 17% | 20% | 45% |
| 17% or more | 20% | 50% |

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

4.2 Profit Improvement.

- (a) General: For each of the Corporation's fiscal years, the earnings after taxes per share of Corporation Stock as reported or to be reported by the Corporation in its annual report to its stockholders (herein called "earnings per share") shall be ascertained by the Committee and entered in its records. The Committee shall then compute for each Match Year
 - (i) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the earnings per share for the fiscal year immediately preceding that fiscal year, and

- (ii) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the simple arithmetic average of the earnings per share for the three fiscal years immediately preceding that fiscal year,

and Profit Improvement for the Match Year shall be the lower of the two percentages.

- (b) Adjustments: In the event of stock splits, stock dividends, changes in capital structure, reorganizations, acquisitions, or any other event which makes the Corporation's earnings per share for one year not fairly comparable as determined by the Board, with earnings per share for immediately preceding years, the Board may make such adjustments thereto as it deems necessary and desirable in accordance with sound accounting practice.

4.3 Allocation and Payment of Company Matching Contributions. Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation

Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.4 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.5 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
- (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
 - (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year (if any) in excess of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.5(a)(i) shall be determined in the manner set forth in subsection 4.5(a)(iii).
- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied

by the number of months that have elapsed since the end of the Plan Year. For this purpose, a

distribution on or before the 15th of the month shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.5(a)(i) above.

SCHEDULE XXVII

(As amended through March 31, 1993)

(Karolton Envelope - Ohio)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Ohio Operations of Karolton Envelope who are represented by the United Paperworkers International Union, AFL-CIO, Local No. 1792, the Plan shall apply with full force and effect.

KIMBERLY-CLARK CORPORATION

HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN

SCHEDULE XXVIII

(As amended through May 24, 1994)

(Coosa Pines Golf Club, Incorporated)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of Coosa Pines Golf Club, Incorporated, the Plan shall apply with full force and effect except that Articles II and IV of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in

Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).

- (d) Base Hourly Wages: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) Board: The Board of Directors of the Corporation.
- (h) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (i) Commissioner: The Commissioner of the Internal Revenue Service.
- (j) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).

- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be

considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of

1974, as amended from time to time.

- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (ll) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be

used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.
- (nn) Lump Sum Distribution: As defined in subsection 7.3(a).
- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).
- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).
- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:
 - (i) August 1, 1967 to July 31, 1968
 - (ii) August 1, 1968 to July 31, 1969
 - (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in

any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section

414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (jjj) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (mmm) Valuation Date: The last day of each month.
- (nnn) Withdrawal Year: As defined in Section 8.1.
- (ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of

Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
 - (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic

After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **All Cash Distribution:** As defined in 7.3(c).
- (e) **All Stock Distribution:** As defined in subsection 7.3(a).
- (f) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) **Board:** The Board of Directors of the Corporation.
- (j) **Code:** The Internal Revenue Code of 1986, as amended from time to time.
- (k) **Commissioner:** The Commissioner of the Internal Revenue Service.
- (l) **Committee:** The committee appointed to administer and regulate the Plan as provided in Article IX.

- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (n) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
 - (i) he is an employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (w), (x), (y) and (z) of Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which

reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.

- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).
- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such

employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except,

however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968
- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (fff) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (ggg) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (hhh) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (iii) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines

is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (jjj) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (kkk) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (lll) Trustee: The trustee under the Trust.
- (mmm) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (nnn) Valuation Date: The last day of each month.
- (ooo) Withdrawal Year: As defined in Section 8.1.

- (ppp) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

- 2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE IV
EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.4, Company Matching Contributions for each twelve calendar month period beginning on April 1 of one year and ending March 31 of the following year (herein called the "Match Year") shall be not less than 10% nor more than 50% of Basic After-Tax Contributions. Within such limits, Company Matching Contributions for each Match Year shall depend upon the allocation of Basic After-Tax Contributions by Participants and upon Profit Improvement as follows:

Company Matching Contributions shall be as a percent of Participants' Basic After-Tax Contributions for that Match Year allocated to:

| If Profit Improvement is | The Government Fund, The Diversified Fund, or The Fixed Income Fund | The K-C Stock Fund |
|--------------------------|---|-----------------------|
| None | 10% | 25% |
| Less than 7% | 10% | 25% |
| 7% but less than 11% | 15% | 30% |
| 11% but less than 13% | 20% | 35% |
| 13% but less than 15% | 20% | 40% |
| 15% but less than 17% | 20% | 45% |
| 17% or more | 20% | 50% |

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

4.2 Profit Improvement.

- (a) General: For each of the Corporation's fiscal years, the earnings after taxes per share of Corporation Stock as reported or to be reported by the Corporation in its annual report to its stockholders (herein called "earnings per share") shall be ascertained by the Committee and entered in its records. The Committee shall then compute for each Match Year
 - (i) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the earnings per share for the fiscal year immediately preceding that fiscal year, and
 - (ii) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the simple arithmetic average of the earnings per share for the three fiscal years immediately preceding that fiscal year,

and Profit Improvement for the Match Year shall be the lower of the two percentages.

- (b) Adjustments: In the event of stock splits, stock dividends, changes in capital structure, reorganizations, acquisitions, or any other event which makes the Corporation's earnings per share for one year not fairly comparable as determined by the Board, with earnings per share for immediately preceding years, the Board may make such adjustments thereto as it deems necessary and desirable in accordance with sound accounting practice.

4.3 Allocation and Payment of Company Matching Contributions.

Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.4 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.5 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
- (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
- (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching

Contributions for the Plan Year (if any) in excess of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.5(a)(i) shall be determined in the manner set forth in subsection 4.5(a)(iii).

- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied

by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.5(a)(i) above.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE XXIX

(As amended through May 24, 1994)

(Coosa Forest Products - Goodwater, Roanoke, Nixburg and
Ashville)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Coosa Forest Products - Goodwater, Roanoke, Nixburg and Ashville, the Plan shall apply with full force and effect except that Articles II and IV of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in

Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).

- (d) Base Hourly Wages: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) Board: The Board of Directors of the Corporation.
- (h) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (i) Commissioner: The Commissioner of the Internal Revenue Service.
- (j) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).

- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be

considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of

1974, as amended from time to time.

- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (ll) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be

used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.
- (nn) Lump Sum Distribution: As defined in subsection 7.3(a).
- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).
- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).
- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:
 - (i) August 1, 1967 to July 31, 1968
 - (ii) August 1, 1968 to July 31, 1969
 - (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in

any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section

414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (jjj) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (mmm) Valuation Date: The last day of each month.
- (nnn) Withdrawal Year: As defined in Section 8.1.
- (ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of

Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
 - (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic

After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **All Cash Distribution:** As defined in 7.3(c).
- (e) **All Stock Distribution:** As defined in subsection 7.3(a).
- (f) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) **Board:** The Board of Directors of the Corporation.
- (j) **Code:** The Internal Revenue Code of 1986, as amended from time to time.
- (k) **Commissioner:** The Commissioner of the Internal Revenue Service.
- (l) **Committee:** The committee appointed to administer and regulate the Plan as provided in Article IX.

- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (n) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
 - (i) he is an employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (w), (x), (y) and (z) of Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which

reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.

- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).
- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such

employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except,

however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968
- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (fff) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (ggg) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (hhh) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (iii) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines

is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (jjj) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (kkk) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (lll) Trustee: The trustee under the Trust.
- (mmm) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (nnn) Valuation Date: The last day of each month.
- (ooo) Withdrawal Year: As defined in Section 8.1.

- (ppp) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE IV
EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.4, Company Matching Contributions for each twelve calendar month period beginning on April 1 of one year and ending March 31 of the following year (herein called the "Match Year") shall be not less than 10% nor more than 50% of Basic After-Tax Contributions. Within such limits, Company Matching Contributions for each Match Year shall depend upon the allocation of Basic After-Tax Contributions by Participants and upon Profit Improvement as follows:

Company Matching Contributions shall be as a percent of Participants' Basic After-Tax Contributions for that Match Year allocated to:

| If Profit Improvement is | The Government Fund, The Diversified Fund, or The Fixed Income Fund | The K-C Stock Fund |
|--------------------------|---|-----------------------|
| None | 10% | 25% |
| Less than 7% | 10% | 25% |
| 7% but less than 11% | 15% | 30% |
| 11% but less than 13% | 20% | 35% |
| 13% but less than 15% | 20% | 40% |
| 15% but less than 17% | 20% | 45% |
| 17% or more | 20% | 50% |

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

4.2 Profit Improvement.

- (a) General: For each of the Corporation's fiscal years, the earnings after taxes per share of Corporation Stock as reported or to be reported by the Corporation in its annual report to its stockholders (herein called "earnings per share") shall be ascertained by the Committee and entered in its records. The Committee shall then compute for each Match Year
 - (i) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the earnings per share for the fiscal year immediately preceding that fiscal year, and
 - (ii) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the simple arithmetic average of the earnings per share for the three fiscal years immediately preceding that fiscal year,

and Profit Improvement for the Match Year shall be the lower of the two percentages.

- (b) Adjustments: In the event of stock splits, stock dividends, changes in capital structure, reorganizations, acquisitions, or any other event which makes the Corporation's earnings per share for one year not fairly comparable as determined by the Board, with earnings per share for immediately preceding years, the Board may make such adjustments thereto as it deems necessary and desirable in accordance with sound accounting practice.

4.3 Allocation and Payment of Company Matching Contributions.

Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.4 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.5 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
- (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
- (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching

Contributions for the Plan Year (if any) in excess of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.5(a)(i) shall be determined in the manner set forth in subsection 4.5(a)(iii).

- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied

by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.5(a)(i) above.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE XXX

(As amended through May 24, 1994)

(Coosa Forest Products - Mountain Shadows)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Coosa Forest Products - Mountain Shadows, the Plan shall apply with full force and effect except that Articles II and IV of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in

Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).

- (d) Base Hourly Wages: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) Board: The Board of Directors of the Corporation.
- (h) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (i) Commissioner: The Commissioner of the Internal Revenue Service.
- (j) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).

- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be

considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of

1974, as amended from time to time.

- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (ll) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be

used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.
- (nn) Lump Sum Distribution: As defined in subsection 7.3(a).
- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).
- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).
- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:
 - (i) August 1, 1967 to July 31, 1968
 - (ii) August 1, 1968 to July 31, 1969
 - (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in

any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section

414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (jjj) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (mmm) Valuation Date: The last day of each month.
- (nnn) Withdrawal Year: As defined in Section 8.1.
- (ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of

Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
 - (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic

After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) **Affiliated Employer:** An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) **All Cash Distribution:** As defined in 7.3(c).
- (e) **All Stock Distribution:** As defined in subsection 7.3(a).
- (f) **Base Hourly Wages:** An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) **Basic After-Tax Contributions:** Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) **Beneficiary:** The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) **Board:** The Board of Directors of the Corporation.
- (j) **Code:** The Internal Revenue Code of 1986, as amended from time to time.
- (k) **Commissioner:** The Commissioner of the Internal Revenue Service.
- (l) **Committee:** The committee appointed to administer and regulate the Plan as provided in Article IX.

- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (n) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
 - (i) he is an employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (w), (x), (y) and (z) of Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which

reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.

- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).
- (nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such

employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except,

however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

- (i) August 1, 1967 to July 31, 1968
- (ii) August 1, 1968 to July 31, 1969
- (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (fff) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (ggg) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (hhh) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (iii) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines

is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (jjj) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (kkk) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (lll) Trustee: The trustee under the Trust.
- (mmm) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (nnn) Valuation Date: The last day of each month.
- (ooo) Withdrawal Year: As defined in Section 8.1.

- (ppp) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

- 2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE IV
EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.4, Company Matching Contributions for each twelve calendar month period beginning on April 1 of one year and ending March 31 of the following year (herein called the "Match Year") shall be not less than 10% nor more than 50% of Basic After-Tax Contributions. Within such limits, Company Matching Contributions for each Match Year shall depend upon the allocation of Basic After-Tax Contributions by Participants and upon Profit Improvement as follows:

Company Matching Contributions shall be as a percent of Participants' Basic After-Tax Contributions for that Match Year allocated to:

| If Profit Improvement is | The Government Fund, The Diversified Fund, or The Fixed Income Fund | The K-C Stock Fund |
|--------------------------|---|-----------------------|
| None | 10% | 25% |
| Less than 7% | 10% | 25% |
| 7% but less than 11% | 15% | 30% |
| 11% but less than 13% | 20% | 35% |
| 13% but less than 15% | 20% | 40% |
| 15% but less than 17% | 20% | 45% |
| 17% or more | 20% | 50% |

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

4.2 Profit Improvement.

- (a) General: For each of the Corporation's fiscal years, the earnings after taxes per share of Corporation Stock as reported or to be reported by the Corporation in its annual report to its stockholders (herein called "earnings per share") shall be ascertained by the Committee and entered in its records. The Committee shall then compute for each Match Year
 - (i) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the earnings per share for the fiscal year immediately preceding that fiscal year, and
 - (ii) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the simple arithmetic average of the earnings per share for the three fiscal years immediately preceding that fiscal year,

and Profit Improvement for the Match Year shall be the lower of the two percentages.

- (b) Adjustments: In the event of stock splits, stock dividends, changes in capital structure, reorganizations, acquisitions, or any other event which makes the Corporation's earnings per share for one year not fairly comparable as determined by the Board, with earnings per share for immediately preceding years, the Board may make such adjustments thereto as it deems necessary and desirable in accordance with sound accounting practice.

4.3 Allocation and Payment of Company Matching Contributions.

Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.4 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching Contributions if in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

- 4.5 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
- (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
- (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching

Contributions for the Plan Year (if any) in excess of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.5(a)(i) shall be determined in the manner set forth in subsection 4.5(a)(iii).

- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied

by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.5(a)(i) above.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE XXXII

(As amended through March 31, 1993)

(Maumelle Facility)

With respect to the Participating Unit under this Schedule, consisting of all nonexempt salaried employees of the Maumelle Facility, the Plan shall apply with full force and effect except as may be otherwise provided, from time to time, by this Schedule.

KIMBERLY-CLARK CORPORATION
HOURLY EMPLOYEES INCENTIVE INVESTMENT PLAN
SCHEDULE XXXIII

(As amended through May 24, 1994)

(Neenah Paper - Whiting Mill)

With respect to the Participating Unit under this Schedule, consisting of all hourly employees of the Neenah Paper - Whiting Mill, who are represented by the United Paperworkers International Union, AFL-CIO, Local 370, the Plan shall apply with full force and effect except that Articles II and IV of this Schedule shall apply in lieu of the same numbered Articles of the Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (d) Base Hourly Wages: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation

from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).

- (e) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (f) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (g) Board: The Board of Directors of the Corporation.
- (h) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (i) Commissioner: The Commissioner of the Internal Revenue Service.
- (j) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (k) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.
- (l) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (m) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (n) Corporation Stock: The common stock of the Corporation.
- (o) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (p) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service

Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.

- (q) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (r) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions
 - (i) he is an Employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service, or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection 2.1(r)(ii) shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (s) Employee: A person employed by an Employer.
- (t) Employee Accounts: Those Accounts specified in subsections (u), (v), (w) and (x) of this Section 2.1.
- (u) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.

- (v) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (w) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (x) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (y) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (z) Employer Accounts: Those Accounts specified in subsections (aa), (bb), (cc) and (dd) of this Section 2.1.
- (aa) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the

Diversified Fund which is attributable to Company Matching Contributions.

- (bb) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (cc) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (dd) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (ee) Entry Date: The first day of each month.
- (ff) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (gg) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (hh) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ii) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of

America or in other investments of a short-term nature.

- (jj) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.
- (kk) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to

apply a calendar year calculation, as permitted by regulations under Code section 414(q).

- (ll) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the

Employee;

- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (mm) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature. The K-C Stock Fund is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in section 409(l) of the Code.
- (nn) Lump Sum Distribution: As defined in subsection 7.3(a).
- (oo) Lump Sum Optional Distribution: As defined in subsection 7.3(b).
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the

12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

- (rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.
- (ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.
- An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (tt) Optional Annuity Distribution: As defined in subsection 7.3(c).
- (uu) Optional Installment Distribution: As defined in subsection 7.3(d).
- (vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.
- (xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:
- (i) August 1, 1967 to July 31, 1968
 - (ii) August 1, 1968 to July 31, 1969
 - (iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.

- (ccc) Severance from Service Date: The earlier of:
- (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (fff) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (ggg) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (hhh) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in

any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:

- (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and
 - (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (iii) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (jjj) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (kkk) Trustee: The trustee under the Trust.
- (lll) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection

3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.

(mmm) Valuation Date: The last day of each month.

(nnn) Withdrawal Year: As defined in Section 8.1.

(ooo) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of

Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

[The following replaces section 2.1 effective September 1, 1994:]

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (b) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employee for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of
 - (i) the amount of Unrestricted After-Tax Contributions, Basic-After Tax Contributions, and Company Matching Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year, together with qualified nonelective contributions treated as Company Matching Contributions pursuant to Code section 401(m) and regulations thereunder, to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

For purposes of determining the ratio of a Highly Compensated Eligible Employee, the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of such Highly Compensated Eligible Employee shall include the Unrestricted After-Tax Contributions, Basic After-Tax Contributions, Company Matching Contributions, and Total Compensation of family members (as defined in Code section 414(q)(6)(B)) of said Highly Compensated Eligible Employee.

- (c) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer

pursuant to Code section 414(o).

- (d) All Cash Distribution: As defined in 7.3(c).
- (e) All Stock Distribution: As defined in subsection 7.3(a).
- (f) Base Hourly Wages: An amount, as determined by the Employer pursuant to Committee rule, which is that portion of an Eligible Employee's Total Compensation from an Employer which consists only of basic earnings while a Participant. Base Hourly Wages shall be determined before any elective salary reduction contributions pursuant to Code Section 125 are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Base Hourly Wages under the Plan shall not exceed \$200,000 per year (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (g) Basic After-Tax Contributions: Employee contributions, as defined in Code Section 401(m) and the regulations thereunder, made through regular payroll deductions, and on account of which a Company Matching Contribution was made to this Plan on behalf of the Participant.
- (h) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant, and further provided:
 - (i) no designation of a person other than the Participant's spouse shall be valid unless the spouse has consented in writing, which written form acknowledges the effect of the spouse's consent and is witnessed by a notary public, to such designation or the Participant is unmarried, and
 - (ii) if no such person is validly designated or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate.
- (i) Board: The Board of Directors of the Corporation.
- (j) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (k) Commissioner: The Commissioner of the Internal Revenue Service.
- (l) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (m) Company Matching Contributions: Amounts contributed under the Plan by Employers as provided in Article IV.

- (n) Contributions: Amounts deposited under the Plan by Participants as provided in Article III.
- (o) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (p) Corporation Stock: The common stock of the Corporation.
- (q) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (r) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (s) Diversified Fund: An unsegregated fund to be primarily invested in common and preferred stocks of corporations other than the Corporation, and other issues convertible into such common and preferred stocks, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (t) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
 - (i) he is an employee on the regular payroll of an Employer;
 - (ii) he has (a) at least one calendar month of continuous Service or (b) has completed during a computation period beginning on or after April 1, 1993, 365 consecutive Days of Service or has completed during a computation period ending on or prior to March 31, 1993, at least 1,000 Hours of Service. A computation period for purposes of this subsection shall be a period of 12 consecutive months, beginning on the Employee's date of employment by the Corporation, a Subsidiary or an Equity Company or an anniversary thereof; and
 - (iii) he is in a Participating Unit.

Any leased employee (as defined in Code section 414(n)) shall not be considered an Eligible Employee under the Plan. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (iv) he is on the regular payroll of an Employer; and
- (v) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h),

of which the Corporation is a member, and which is not an Employer hereunder.

For purposes of this subsection, a person shall be considered on temporary assignment only if his period of service for an Affiliate is expected to be of brief duration not to exceed 5 years and if he is expected to resume services for an Employer upon the expiration of the temporary assignment with the Affiliate.

- (u) Employee: A person employed by an Employer.
- (v) Employee Accounts: Those Accounts specified in subsections (w), (x), (y) and (z) of Section 2.1.
- (w) Employee Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to his Contributions.
- (x) Employee Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to his Contributions.
- (y) Employee Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to his Contributions.
- (z) Employee Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to his Contributions.
- (aa) Employer: The Corporation and each Subsidiary which the Board shall from time to time designate as an Employer for purposes of the Plan and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (bb) Employer Accounts: Those Accounts specified in subsections (cc), (dd), (ee) and (ff) of Section 2.1.
- (cc) Employer Diversified Account: That Account which reflects that portion of a Participant's interest in the Diversified Fund which is attributable to Company Matching Contributions.
- (dd) Employer Fixed Income Account: That Account which reflects that portion of a Participant's interest in the Fixed Income Fund which is attributable to Company Matching Contributions.
- (ee) Employer Government Account: That Account which reflects that portion of a Participant's interest in the Government Fund which is attributable to Company Matching Contributions.
- (ff) Employer Stock Account: That Account which reflects that portion of a Participant's interest in the K-C Stock Fund which is attributable to Company Matching Contributions.
- (gg) Entry Date: The first day of each month.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.

- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Fixed Income Fund: An unsegregated fund to be primarily invested in fixed income investments and other securities providing a fixed rate of return, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (kk) Government Fund: An unsegregated fund to be invested in obligations issued or fully guaranteed as to the payment of principal and interest by the United States of America or any agency or instrumentality thereof, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (ll) Group Termination: The termination of employment of a group of Eligible Employees resulting from the sale, shutdown, discontinuance, abandonment or other divestiture by an Employer of an entire division or plant as determined by the Board.

(mm) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and the regulations thereunder. An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).

(nn) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor regulation Section 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor regulation Section 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's

Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (1) by reason of the pregnancy of the Employee;
- (2) by reason of the birth of a child of the Employee;
- (3) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (4) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (1)-(4) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commences before April 1, 1985.

- (oo) K-C Stock Fund: An unsegregated fund to be invested in Corporation Stock, which, pending such investment, may be invested in short-term securities issued or guaranteed by the United States of America or in other investments of a short-term nature.
- (pp) Matured Withdrawal Year: As defined in Section 8.2.
- (qq) Months of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12 month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12 month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.

(rr) Named Fiduciary: The Retirement Trust Committee (the members of which are designated by the Executive Committee of the Board) shall be the Named Fiduciary of the Plan as defined in ERISA.

(ss) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.

(tt) Optional Annuity Distribution: As defined in subsection 7.3(c).

[The following replaces section 2.1(tt) effective January 1, 1995:]

(tt) Reserved.

(uu) Optional Installment Distribution: As defined in subsection 7.3(d).

[The following replaces section 2.1(uu) effective January 1, 1995:]

(uu) Reserved.

(vv) Participant: An Eligible Employee who has validly elected to participate under Section 3.1 hereof. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.

(ww) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Board as participating in this Plan. The classifications so designated and the effective dates of their participation are shown in Appendix A.

(xx) Plan Year: After December 31, 1993, a twelve calendar month period beginning January 1 and ending the following December 31. The period beginning on April 1, 1993, and ending December 31, 1993, shall constitute a Plan Year. For the period prior to April 1, 1993, and after March 31, 1970, each twelve calendar month periods beginning on April 1 of one year and ending March 31 of the following year. For the period prior to April 1, 1970, each of the periods set forth below shall constitute a Plan Year under this Plan:

(i) August 1, 1967 to July 31, 1968

(ii) August 1, 1968 to July 31, 1969

(iii) August 1, 1969 to March 31, 1970.

For purposes of identification, each Plan Year is designated in terms of the calendar year in which it

commences.

- (yy) Profit Improvement: The principal determinant of the percentage of Participants' Contributions which can be matched by Company Matching Contributions as defined in Section 4.2.
- (zz) Regular Unrestricted After-Tax Contributions: After-tax Contributions made through regular payroll deductions under subsection 3.2(b).
- (aaa) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company.
- (bbb) Settlement Date: As defined in Section 7.2 for purposes of Article VII. As defined in Section 8.4 for purposes of Article VIII.
- (ccc) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g. disability, leave of absence, or layoff, etc.)
- (ddd) Special Unrestricted After-Tax Contributions: After-tax Contributions which are made under subsection 3.2(c).
- (eee) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (fff) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (ggg) Terminated Participant: A Participant who has terminated his employment with an Employer with the aggregate value of the Participant's Accounts exceeding \$3,500 and who has not elected to receive a distribution under the Plan.
- (hhh) Timely Notice: A notice in writing on forms, or by electronic medium, prescribed by the Committee and filed at such places and at such reasonable times as shall be established by Committee rules.
- (iii) Total and Permanent Disability: A condition arising out of any injury or disease which the Committee determines is permanent and prevents a Participant from engaging in any occupation with the Corporation, a Subsidiary or an Equity Company commensurate with his education, training and experience, excluding:
 - (i) any condition incurred in military service (other than temporary absence on military leave) if the Participant does not return to active employment with the Corporation, a Subsidiary or an Equity Company at the end of his military service,
 - (ii) any condition incurred as a result of or incidental to a felonious act perpetrated by the Participant, and

- (iii) any condition resulting from excessive use of drugs or narcotics or from willful self-inflicted injury.
- (jjj) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s). Total Compensation of any Eligible Employee shall not exceed \$200,000 (as automatically increased in accordance with applicable regulations to reflect cost-of-living adjustments).
- (kkk) Trust: The Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan Trust pursuant to the trust agreement provided for in Article V.
- (lll) Trustee: The trustee under the Trust.
- (mmm) Unrestricted After-Tax Contributions: Regular Unrestricted After-Tax Contributions by Participants under subsection 3.2(b) and Special Unrestricted After-Tax Contributions by Participants under subsection 3.2(c), and any other Employee contribution, as defined in Code Section 401(m) and the regulations thereunder, on account of which no Company Matching Contribution was made to this Plan.
- (nnn) Valuation Date: The last day of each month.
- (ooo) Withdrawal Year: As defined in Section 8.1.

(ppp) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service. If the total of an Employee's Service exceeds his whole Years of Service, then such Employee shall be credited with an additional fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service represented by such excess and the denominator of which shall be 365. If the total of an Employee's Service is less than one Year of Service, then such Employee shall be credited with a fraction of a Year of Service, the numerator of which shall be the total number of his Days of Service and the denominator of which shall be 365.

2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE IV
EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.4, Company Matching Contributions for each twelve calendar month period beginning on April 1 of one year and ending March 31 of the following year (herein called the "Match Year") shall be not less than 10% nor more than 50% of Basic After-Tax Contributions. Within such limits, Company Matching Contributions for each Match Year shall depend upon the allocation of Basic After-Tax Contributions by Participants and upon Profit Improvement as follows:

Company Matching Contributions shall be as a percent of Participants' Basic After-Tax Contributions for that Match Year allocated to:

| If Profit Improvement is | The Government Fund, The Diversified Fund, or The Fixed Income Fund | The K-C Stock Fund |
|--------------------------|---|-----------------------|
| None | 10% | 25% |
| Less than 7% | 10% | 25% |
| 7% but less than 11% | 15% | 30% |
| 11% but less than 13% | 20% | 35% |
| 13% but less than 15% | 20% | 40% |
| 15% but less than 17% | 20% | 45% |
| 17% or more | 20% | 50% |

No additional Company Matching Contributions shall be made by reason of the reallocation of Participants' Accounts pursuant to Section 3.7 and no Company Matching Contributions shall be made with respect to Participants' Unrestricted After-Tax Contributions.

- 4.2 Profit Improvement.

- (a) General: For each of the Corporation's fiscal years, the earnings after taxes per share of Corporation Stock as reported or to be reported by the Corporation in its annual report to its stockholders (herein called "earnings per share") shall be ascertained by the Committee and entered in its records. The Committee shall then compute for each Match Year
- (i) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the earnings per share for the fiscal year immediately preceding that fiscal year, and

- (ii) the percentage by which, if any, the earnings per share for the last fiscal year ending before the commencement of the Match Year exceed the simple arithmetic average of the earnings per share for the three fiscal years immediately preceding that fiscal year,

and Profit Improvement for the Match Year shall be the lower of the two percentages.

- (b) Adjustments: In the event of stock splits, stock dividends, changes in capital structure, reorganizations, acquisitions, or any other event which makes the Corporation's earnings per share for one year not fairly comparable as determined by the Board, with earnings per share for immediately preceding years, the Board may make such adjustments thereto as it deems necessary and desirable in accordance with sound accounting practice.

4.3 Allocation and Payment of Company Matching Contributions. Company Matching Contributions shall be

- (i) made out of current or accumulated earnings and profits,
- (ii) allocated exclusively to the K-C Stock Fund,
- (iii) made to the Trustee as soon as practicable after the end of the month in which the related Contributions are withheld for payment to the Trustee, and
- (iv) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Matching Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.

Any forfeiture under the Plan shall be applied to reduce Company Matching Contributions. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

4.4 Temporary Suspension of Company Matching Contributions. The Board may order the suspension of all Company Matching

Contributions if in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Matching Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

4.5 Limitations on Company Matching Contributions, Basic After-Tax Contributions, and Unrestricted After-Tax Contributions.

(a) Limitations on Actual Contribution Percentage.

- (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of
 - (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
 - (B) the lesser of (I) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (II) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0,

the contribution rate under subsection 3.2(a) and (b) and Section 4.1 of those Highly Compensated Eligible Employees shall be reduced (in whole or less than whole percentages) in descending order until the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees is not more than the greater of (A) or (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year (if any) in excess of the amount permitted under (a)(i) of this Section, together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 2 1/2 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for excess aggregate contributions); provided, however, that an Employer may make qualified nonelective or matching contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that,

in combination with Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions, satisfy the limit set forth in (a)(i) above. The income or loss allocable to an excess aggregate contribution under subsection 4.5(a)(i) shall be determined in the manner set forth in subsection 4.5(a)(iii).

- (iii) The income or loss allocable to an excess aggregate contribution shall be determined by multiplying the income or loss allocable to a Participant's Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the Plan Year by a fraction, the numerator of which is the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions made in excess of the amount permitted in (a)(i) of this Section and the denominator of which is the balance of the Unrestricted After-Tax Contributions, Basic After-Tax Contributions and Company Matching Contributions sections of the Participant's Account on the last day of the Plan Year, together with any Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions for the gap period described below, but reduced by the income allocable to such sections for the Plan Year and increased by the loss allocable to such Sections for the Plan Year. The income or loss allocable to an excess aggregate contribution shall include the income or loss allocable for the period between the end of the Plan Year and the date of distribution (the "gap period"). The income or loss allocable to an excess aggregate contribution for the gap period shall equal 10% of the income or loss allocable to such contribution as determined above, multiplied

by the number of months that have elapsed since the end of the Plan Year. For this purpose, a distribution on or before the 15th of the month shall be treated as made on the last day of the preceding month, and a distribution made after the 15th of the month shall be treated as made on the first day of the next month.

- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit the amount of Unrestricted After-Tax Contributions, Basic After-Tax Contributions, and Company Matching Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.5(a)(i) above.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-58402 of Kimberly-Clark Corporation on Form S-8 of our reports dated April 5, 1994, incorporated by reference in this Transition Report on Form 11-K of the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan and the Kimberly-Clark Corporation Hourly Employees Incentive Investment Plan for the nine month period ended December 31, 1993.

/s/ Deloitte & Touche

DELOITTE & TOUCHE

Dallas, Texas
June 15, 1994