FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended MARCH 31, 1998

OR

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

For the transition period fromto

Commission file number 1-225

KIMBERLY-CLARK CORPORATION
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 39-0394230 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

P. O. BOX 619100
DALLAS, TEXAS
75261-9100
(Address of principal executive offices)
(Zip Code)

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

NO CHANGE
(Former name, former address and former fiscal year, if changed since last report)

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

Yes X. No.

AS OF MAY 8, 1998, 557,143,292 SHARES OF THE CORPORATION'S COMMON STOCK WERE OUTSTANDING.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED INCOME STATEMENT
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

| | Three Months Ended March 31 | |
|---|---|---|
| (Millions of dollars except per share amounts) | 1998 | 1997 |
| NET SALES | $3,048.6 | $3,237.6 |
| Cost of products sold | 1,884.1 | 1,996.6 |
| GROSS PROFIT | 1,164.5 | 1,241.0 |
| Advertising, promotion and selling expenses | 494.9 | 498.3 |
| Research expense | 52.9 | 48.7 |

| | | |
|---|---|---|
| General expense | 158.2 | 149.7 |
| Restructuring and other unusual charges | 14.2 | - |
| OPERATING PROFIT | 444.3 | 544.3 |
| Interest income | 8.6 | 8.6 |
| Interest expense | (48.2) | (43.3) |
| Other income (expense), net | (0.3) | 8.7 |
| INCOME BEFORE INCOME TAXES | 404.4 | 518.3 |
| Provision for income taxes | 129.6 | 171.0 |
| INCOME BEFORE EQUITY INTERESTS | 274.8 | 347.3 |
| Share of net income of equity companies | 29.3 | 32.5 |
| Minority owners' share of subsidiaries' net income | (6.5) | (15.6) |
| INCOME BEFORE EXTRAORDINARY GAIN | 297.6 | 364.2 |
| Extraordinary gain, net of income taxes | - | 4.8 |
| NET INCOME | $297.6 | $369.0 |
| PER SHARE BASIS: | | |
| BASIC: | | |
| Income before extraordinary gain | $.53 | $.65 |
| Extraordinary gain, net of income taxes | - | .01 |
| Net income | $.53 | $.66 |
| DILUTED: | | |
| Income before extraordinary gain | $.53 | $.64 |
| Extraordinary gain, net of income taxes | - | .01 |
| Net income | $.53 | $.65 |
| CASH DIVIDENDS DECLARED | $.25 | $.24 |

Unaudited

See Notes to Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEET
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

| (Millions of dollars) | MARCH 31, 1998 | December 31, 1997 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $99.3 | $90.8 |
| Accounts receivable | 1,563.9 | 1,606.3 |
| Inventories | 1,295.9 | 1,319.5 |
| Other current assets | 453.5 | 472.4 |
| TOTAL CURRENT ASSETS | 3,412.6 | 3,489.0 |
| PROPERTY | 9,870.9 | 9,756.2 |
| Less accumulated depreciation | 4,249.3 | 4,155.6 |
| NET PROPERTY | 5,621.6 | 5,600.6 |
| INVESTMENTS IN EQUITY COMPANIES | 596.2 | 567.7 |
| ASSETS HELD FOR SALE | 282.7 | 280.0 |
| GOODWILL, DEFERRED CHARGES AND OTHER ASSETS | 1,376.0 | 1,328.7 |
| | $11,289.1 | $11,266.0 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES | | |
| Debt payable within one year | $568.2 | $663.1 |
| Accounts payable | 918.2 | 1,049.4 |
| Accrued expenses | 1,393.5 | 1,445.6 |
| Other current liabilities | 635.8 | 548.2 |
| TOTAL CURRENT LIABILITIES | 3,515.7 | 3,706.3 |
| LONG-TERM DEBT | 1,805.7 | 1,803.9 |
| NONCURRENT EMPLOYEE BENEFIT AND OTHER OBLIGATIONS | 890.3 | 887.1 |
| DEFERRED INCOME TAXES | 602.7 | 580.8 |
| MINORITY OWNERS' INTERESTS IN SUBSIDIARIES | 175.6 | 162.6 |
| STOCKHOLDERS' EQUITY | 4,299.1 | 4,125.3 |
| | $11,289.1 | $11,266.0 |

Unaudited

See Notes to Financial Statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

| (Millions of dollars) | Three Months Ended March 31 1998 | 1997 |
|---|---|---|
| OPERATIONS | | |
| Net Income | $297.6 | $369.0 |
| Restructuring and other unusual charges | 14.2 | - |
| Depreciation | 123.6 | 120.9 |
| Changes in operating working capital | (39.7) | (220.7) |
| Extraordinary gain, net of income taxes | - | (4.8) |
| Pension funding in excess of expense | (3.6) | (6.0) |
| Other | 14.6 | 47.7 |
| CASH PROVIDED BY OPERATIONS | 406.7 | 306.1 |
| INVESTING | | |
| Capital spending | (135.3) | (179.8) |
| Disposals of property and businesses | - | 606.3 |
| Other | (30.0) | (61.4) |
| CASH PROVIDED BY (USED FOR) INVESTING | (165.3) | 365.1 |
| FINANCING | | |
| Cash dividends paid | (131.4) | (129.7) |
| Changes in debt payable within one year | (52.9) | (237.2) |
| Increases in long-term debt | 220.5 | 18.1 |
| Decreases in long-term debt | (261.6) | (36.3) |
| Proceeds from exercise of stock options | 18.2 | 33.8 |
| Acquisitions of common stock for the treasury | (9.1) | (255.6) |
| Other | (16.6) | 13.6 |
| CASH USED FOR FINANCING | (232.9) | (593.3) |
| INCREASE IN CASH AND CASH EQUIVALENTS | $8.5 | $77.9 |

Unaudited

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

1. The unaudited consolidated financial statements of Kimberly-Clark Corporation (the "Corporation") have been prepared on the same basis as those in the 1997 Annual Report to Stockholders and include all adjustments necessary to present fairly the condensed consolidated balance sheet, consolidated results of operations and condensed consolidated cash flow statements for the periods indicated.

2. In the fourth quarter of 1997, the Corporation announced a plan to restructure its worldwide operations ("Announced Plan"), the total pretax cost of which was estimated at $810.0 million. In conjunction with the Announced Plan, the Corporation recorded a 1997 pretax charge of $701.2 million. The remaining costs of the Announced Plan will be recorded when such costs result in accruable expenses. During the first quarter of 1998, the Corporation recorded a pretax charge of $14.2 million related to the Announced Plan. The 1998 charge reduced first quarter 1998 net income by $9.4 million, or $.02 per share.

3. In March 1997, the Corporation sold its non-core pulp and newsprint facility located in Coosa Pines, Alabama, for approximately $600 million. In the first quarter of 1997, the Corporation recorded impairment losses totaling $111.5 million before income tax benefits on the planned disposal of a pulp manufacturing mill in Miranda, Spain; a recycled fiber facility in Oconto Falls, Wisconsin; and a tissue converting facility in Yucca, Arizona; and on an integrated pulp making facility in Everett, Washington. These transactions have been aggregated and reported as an extraordinary gain totaling $4.8 million, net of applicable income taxes of $16.0 million, or $.01 per share.

4. There are no adjustments required to be made to Income Before Extraordinary Gains for purposes of computing basic and diluted earnings per share ("EPS"). A reconciliation of the average number of common shares outstanding used in the basic and diluted EPS computations is as follows:

| | Average Common Shares Outstanding for the Three Months Ended March 31 | |
|---|---|---|
| (Millions) | 1998 | 1997 |
| Basic | 556.7 | 560.8 |
| Dilutive effect of stock options | 3.0 | 3.6 |
| Dilutive effect of shares issued for participation share awards | 0.3 | 0.1 |
| Diluted | 560.0 | 564.5 |

Options to purchase 3,062,100 shares of common stock at $55.9375 per share were outstanding during the first quarter of 1998 but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares. The options, which expire on February 26, 2008, were still outstanding at March 31, 1998. The number of common shares outstanding at March 31, 1998 and 1997, was 557.0 million and 559.5 million, respectively.

5. The following schedule details inventories by major class as of March 31, 1998 and December 31, 1997:

| (Millions of dollars) | MARCH 31, 1998 | December 31, 1997 |
|---|---|---|
| At lower of cost on the First-In, First-Out (FIFO) method or market: | | |
| Raw materials | $ 353.0 | $ 372.4 |
| Work in process | 214.3 | 228.5 |
| Finished goods | 752.1 | 749.9 |
| Supplies and other | 188.0 | 174.5 |
| | 1,507.4 | 1,525.3 |
| Excess of FIFO cost over Last-In, First-Out (LIFO) cost | (211.5) | (205.8) |
| Total | $ 1,295.9 | $ 1,319.5 |

6. The following schedule provides the detail of comprehensive income:

| (Millions of dollars) | Three Months Ended March 31 1998 | 1997 |
|---|---|---|
| Net Income | $ 297.6 | $ 369.0 |
| Unrealized currency translation adjustments | (4.1) | (73.9) |
| Comprehensive income | $ 293.5 | $ 295.1 |

7. The following schedule presents information concerning consolidated operations by business segment for the three months ended March 31:

| (Millions of dollars) | 1998(a) | 1997 |
|---|---|---|
| NET SALES: | | |
| Personal Care Products | $ 1,331.4 | $ 1,262.7 |
| Tissue-Based Products | 1,565.5 | 1,765.0 |
| Newsprint, Paper and Other | 165.1 | 224.5 |
| Intersegment sales | (13.4) | (14.6) |
| Consolidated | $ 3,048.6 | $ 3,237.6 |
| OPERATING PROFIT: | | |
| Personal Care Products | $ 212.9 | $ 250.8 |
| Tissue-Based Products | 205.0 | 253.8 |
| Newsprint, Paper and Other | 37.1 | 40.8 |
| Unallocated items - net | (10.7) | (1.1) |
| Consolidated | $ 444.3 | $ 544.3 |

(a) Operating profit for the quarter for Personal Care Products and Tissue-Based Products includes $4.9 million and $9.3 million, respectively, of the charge related to the Announced Plan described in Note 2.

Description of Product Segments:

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

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

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

Unaudited

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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

RESULTS OF OPERATIONS:
FIRST QUARTER OF 1998 COMPARED WITH FIRST QUARTER OF 1997

By Business Segment
(Millions of dollars)

For a description of the Corporation's business segments and a summary of the business segment data that include restructuring and other unusual charges, see Note 7 to the Financial Statements. For purposes of this Management's Discussion and Analysis, restructuring and other unusual charges is shown separately in the following business segment and geographic presentations to facilitate a meaningful discussion of ongoing operations.

| NET SALES | 1998 | % Change vs. 1997 | % OF 1998 CONSOLIDATED |
|---|---|---|---|
| Personal Care Products | $1,331.4 | + 5.4% | 43.6% |
| Tissue-Based Products | 1,565.5 | -11.3 | 51.4 |
| Newsprint, Paper and Other | 165.1 | -26.5 | 5.4 |
| Intersegment sales | (13.4) | | (.4) |
| Consolidated | $3,048.6 | - 5.8% | 100.0% |

| OPERATING PROFIT | 1998 | % Change vs. 1997 | % OF 1998 CONSOLIDATED | % Return on Sales 1998 | % Return on Sales 1997 |
|---|---|---|---|---|---|
| Personal Care Products | $217.8 | -13.2% | 49.0% | 16.4% | 19.9% |
| Tissue-Based Products | 214.3 | -15.6 | 48.2 | 13.7 | 14.4 |
| Newsprint, Paper and Other | 37.1 | - 9.1 | 8.4 | 22.5 | 18.2 |
| Restructuring and other unusual charges | (14.2) | | (3.2) | | |
| Unallocated items-net | (10.7) | | (2.4) | | |
| Consolidated | $444.3 | -18.4% | 100.0% | 14.6% | 16.8% |

Commentary:

Net sales for the quarter were 5.8 percent lower than in 1997; however, excluding the revenues of the Coosa Pines, Alabama newsprint and pulp operation ("Coosa") and the Corporation's 50.1 percent interest in Scott Paper Limited in Canada, businesses which were divested in 1997, first quarter net sales increased slightly. Excluding the net sales of divested businesses, worldwide sales volumes increased 4 percent and selling prices were nearly 1 percent higher. Changes in currency exchange rates are estimated to have reduced consolidated net sales by approximately $150 million, substantially offsetting the volume and selling price increases.

- - Worldwide sales of personal care products increased approximately 5 percent from 1997, as an increase in sales volumes of 10 percent was halved by negative foreign currency exchange rate effects. Sales volume growth was achieved in most international markets; in professional health care, due in part to the acquisition of Tecnol Medical Products Inc. in December 1997; and in baby wipes and training and youth pants in North America. However, diaper volumes in North America were below last year's record levels.

- - Worldwide sales of tissue-based products excluding divested businesses were 4 percent lower than in 1997 primarily because of changes in foreign currency exchange rates. Sales volumes were flat overall, with increases in Latin America and for Kleenex facial tissue and the Corporation's new Kleenex Cottonelle bathroom tissue in North America and decreases for consumer tissue products in Europe and the Asia/Pacific region.

Operating profit decreased 18.4 percent in absolute terms, and from 16.8 percent to 14.6 percent as a percentage of net sales. Excluding the restructuring and other unusual charges of $14.2 million recorded in 1998, which are part of the remaining $108.8 million of charges to complete the $810.0 million restructuring program announced in November 1997 ("Announced Plan"), operating profit decreased 15.8 percent in absolute terms, and from 16.8 percent to 15.0 percent as a percentage of net sales. Further, excluding the divested businesses, operating profit declined 12.6 percent.

- - The decline in operating profit for personal care products was primarily due to investment spending to start up new diaper capacity and to launch improved diapers and feminine care products in Europe; the lower volumes and increased manufacturing costs for diapers in North America; and the currency effects in Asia.

- - The decline in first quarter operating profit for tissue-based products was a result of lower earnings in Europe, the loss of earnings of divested businesses and the Asian currency effects, which combined, more than offset higher earnings of the Corporation's away-from-home business in North America.

- - The overall changes in currency exchange rates, primarily in Asia, are estimated to have reduced consolidated operating profit approximately $20 million.

- - Operating profit for the 1998 quarter for Personal Care Products and Tissue-Based Products includes $4.9 million and $9.3 million, respectively, of the charge related to the Announced Plan.

By Geography
(Millions of dollars)

| NET SALES | 1998 | % Change vs. 1997 | % OF 1998 CONSOLIDATED |
|---|---|---|---|
| North America | $2,100.3 | - 6.7% | 68.9% |
| Outside North America | 1,018.8 | - 5.7 | 33.4 |
| Intergeographic sales | (70.5) | | (2.3) |
| Consolidated | $3,048.6 | - 5.8% | 100.0% |

| OPERATING PROFIT | 1998 | % Change vs. 1997 | % OF 1998 CONSOLIDATED | % Return on Sales 1998 | % Return on Sales 1997 |
|---|---|---|---|---|---|
| North America | $416.5 | - 8.5% | 93.7% | 19.8% | 20.2% |
| Outside North America | 52.7 | -41.4 | 11.9 | 5.2 | 8.3 |
| Restructuring and other unusual charges | (14.2) | | (3.2) | | |
| Unallocated items-net | (10.7) | | (2.4) | | |
| Consolidated | $444.3 | -18.4% | 100.0% | 14.6% | 16.8% |

Commentary:

- - Excluding the divested businesses, net sales for North America increased 2.2 percent. The decline in net sales outside North America is primarily due to the currency effects in Asia.

- - Excluding the divested businesses and the restructuring charge, operating profit in North America decreased 4.4 percent, primarily due to the lower volumes and increased manufacturing costs for diapers. The decline in operating profit outside North America is primarily due to the previously discussed substantially lower earnings in Europe.

- - Of the $14.2 million of restructuring and other unusual charges recorded in 1998,$8.5 million was incurred in North America, the remainder was incurred outside North America.

Additional Income Statement Commentary:

- - The increase in interest expense is primarily attributable to a higher debt level and higher interest rates internationally.

- - The effective income tax rate decreased to 32.0 percent from 33.0 percent in the prior year and is expected to remain at approximately 32 percent for the balance of 1998. The lower effective tax rate is primarily due to additional tax planning opportunities.

- - The 9.8 percent decrease in the Corporation's share of net income of equity companies is principally due to a charge of $3.8 million related to the change in the value of the Mexican peso. Excluding this charge, the Corporation's share of net income of equity companies was $33.1 million in the first quarter of 1998 compared with $32.5 million in 1997. Improved product pricing at the Corporation's Mexican affiliate, Kimberly-Clark de Mexico, S.A. de C.V., resulted in better equity company net income. The higher net income in Mexico was partially offset by lower earnings of other equity companies.

## LIQUIDITY AND CAPITAL RESOURCES

- - Cash provided by operations in the first quarter of 1998 increased by $100.6 million compared with the first quarter of 1997, primarily due to a reduced investment in working capital which more than offset the lower contribution from net income.

- - At March 31, 1998, $573.2 million of the charge for the estimated costs of the restructuring program announced in November 1997 remain to be utilized. These reserves for restructuring and other unusual charges are estimated to be adequate to cover the planned actions.

- - The first quarter of 1997 included approximately $600 million in proceeds from the sale of Coosa.

- - During the first quarter of 1997, the Corporation repurchased 5 million shares of its common stock for approximately $250 million. No share repurchases were made during the first quarter of 1998. Depending on market conditions, the Corporation intends to repurchase additional shares beginning in the second quarter of 1998 under its existing authority to purchase up to 15.5 million shares of common stock.

- - The Corporation reduced its debt levels in the first quarter of 1998 resulting in a debt to capital ratio of 34.7 percent at March 31, 1998 compared with 36.5 percent at year-end 1997. This ratio is consistent with the Corporation's objective of maintaining a total debt to capital ratio in the range of 30 to 40 percent.

- - Management believes cash flow from operations plus the ability to issue both short-term and long-term debt will be sufficient to fund capital expenditures, pay dividends, meet debt maturity requirements, fund business acquisitions and allow the Corporation to continue its previously announced share repurchase program.

- - On May 5, 1998, the Corporation announced that it will shut down its pulp mill in Mobile, Alabama in September 1999 and will sell the associated woodlands operations. This action is expected to result in a net gain. As a result of the shutdown, the Corporation will no longer be required to invest approximately $260 million at such facility to comply with newly issued environmental regulations for pulp mills. It is expected that the closure of the pulp mill will reduce the percentage of virgin fiber the Corporation produces for use in its products from nearly 70 percent to about 45 percent. The Corporation reiterated that it plans to sell its pulp mills in Terrace Bay, Ontario and Miranda, Spain, but said it will continue to operate pulp mills in Everett, Washington and Pictou County, Nova Scotia. The Corporation also announced that it will continue to operate its Mobile tissue mill and plans to invest approximately $100 million in such facility over the next several years to install systems that process recycled fiber and that allow the use of baled pulp.

## ENVIRONMENTAL MATTERS

The Corporation has been named as a potentially responsible party at a number of waste disposal sites, none of which, individually or in the aggregate, in management's opinion, is likely to have a material adverse effect on its business or results of operations.

## OUTLOOK

Earnings from operations are expected to improve over the balance of 1998 as benefits of recently implemented price increases for tissue products in the United States are realized and savings from the previously announced restructuring plan build. As a result, management believes earnings per share from operations for the last nine months of 1998 should be greater than the same period a year ago.

## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information in this report is forward-looking and is based on various assumptions. Such information includes, without limitation, the business outlook, anticipated financial position and operating results, strategies, contingencies and contemplated transactions of the Corporation and the Corporation's estimated effective income tax rate for 1998. These forward-looking statements are based upon management's expectations and beliefs concerning future events impacting the Corporation. There can be no assurance that such events will occur or that their effects on the Corporation will be as currently expected. For a description of certain factors that could cause the Corporation's future results to differ materially from those expressed in any such forward-looking statements, see the section of Part I, Item 1 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997 entitled "Factors That May Affect Future Results."

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The 1998 Annual Meeting of Stockholders was convened at 11:00 a.m. on Thursday, April 30, 1998, at the Corporation's World Headquarters, 351 Phelps Drive, Irving, Texas. Represented at the meeting in person or by proxy were 514,860,702 shares of common stock or 92% of all shares of common stock outstanding.

The following directors were elected to three-year terms expiring in 2001: Pastora San Juan Cafferty, Claudio X. Gonzalez, Louis E. Levy and Linda Johnson Rice. Of the shares represented at the meeting, at least 98.3% voted for each nominee, and 1.6% withheld authority to vote.

The Corporation's other directors are John F. Bergstrom, Paul J. Collins, Robert W. Decherd, William O. Fifield, Frank A. McPherson, Wayne R. Sanders, Wolfgang R. Schmitt and Randall L. Tobias.

In addition to the election of directors, the stockholders approved the selection of Deloitte & Touche LLP as the independent auditors for the Corporation. Of the shares represented at the meeting, 99.6% voted for such selection, .1% voted against and .3% abstained or did not vote.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

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

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

(4) Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.

(12) The following computation is filed as an exhibit to Part I of this Form 10-Q:

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

| | Three Months Ended March 31 | |
|---|---|---|
| | 1998 | 1997 |
| **Consolidated Companies** | | |
| Income before income taxes | $ 404.4 | $ 518.3 |
| Interest expense | 48.2 | 43.3 |
| Interest factor in rent expense | 11.5 | 12.5 |
| Amortization of capitalized interest | 2.3 | 2.2 |
| **Equity Affiliates** | | |
| Share of 50%-owned: | | |
| Income before income taxes | 11.7 | 13.4 |
| Interest expense | 1.6 | 1.9 |
| Interest factor in rent expense | .2 | .2 |
| Amortization of capitalized interest | - | .2 |
| Earnings | $ 479.9 | $ 592.0 |
| **Consolidated Companies** | | |
| Interest expense | $ 48.2 | $ 43.3 |
| Capitalized interest | 1.5 | 4.5 |

| | | |
|---|---|---|
| Interest factor in rent expense | 11.5 | 12.5 |
| **Equity Affiliates** | | |
| Share of 50%-owned: | | |
| Interest expense and capitalized interest | 1.6 | 1.9 |
| Interest factor in rent expense | .2 | .2 |
| Fixed charges | $ 63.0 | $ 62.4 |
| Ratio of earnings to fixed charges | 7.62 | 9.49 |

(27) The Financial Data Schedule required by Item 601(b)(27) of Regulation S-K has been included with the electronic filing of this Form 10-Q.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KIMBERLY-CLARK CORPORATION
(Registrant)

By: /s/ John W. Donehower
------------------------
John W. Donehower
Senior Vice President and
Chief Financial Officer
(principal financial officer)

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

May 12, 1998

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DEC-31-1998
MAR-31-1998
99300
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1563900
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1295900
3412600
9870900
4249300
11289100
3515700
1805700
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1884100
2604300
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48200
404400
129600
297600
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297600
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Items not disclosed since they are not required for interim reporting under regulation S-X, Article 10.