

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended March 31, 1995

OR

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

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

Commission file number 1-225

KIMBERLY-CLARK CORPORATION  
(Exact name of registrant as specified in its charter)Delaware 39-0394230  
(State or other jurisdiction of (I.R.S. - Employer  
incorporation or organization) Identification No.)P. O. Box 619100  
Dallas, Texas  
75261-9100  
(Address of principal executive offices)  
(Zip Code)(214) 830-1200  
(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 3, 1995, 160,287,125 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

(Millions of dollars except per share amounts)	Three Months Ended March 31	
	1995	1994
Net Sales .....	\$2,014.6	\$1,784.8
Cost of products sold .....	1,349.6	1,171.1
Gross Profit .....	665.0	613.7
Advertising, promotion and selling expenses .....	304.0	268.6
Research expense .....	42.5	38.7
General expense .....	95.2	85.9
Operating Profit .....	223.3	220.5
Interest expense .....	(34.7)	(31.1)
Other income (expense), net .....	(2.6)	(5.8)
Income Before Income Taxes .....	186.0	183.6
Provision for income taxes .....	69.7	68.8

Income Before Equity Interests .....	116.3	114.8
Share of net (loss) income of equity companies .....	(2.8)	24.9
Minority owners' share of subsidiaries' net income .....	(4.8)	(3.5)
	-----	-----

Net Income .....	\$ 108.7	\$ 136.2
	=====	=====

PER SHARE BASIS:

Net Income .....	\$ .68	\$ .85
	=====	=====
Cash Dividends Declared .....	\$ .45	\$ .44
	=====	=====
Cash Dividends Paid .....	\$ .44	\$ .43
	=====	=====

Unaudited

See Notes to Financial Statements.

CONSOLIDATED BALANCE SHEET  
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

(Millions of dollars)	March 31, 1995	December 31, 1994
-----		
ASSETS		
Current Assets		
Cash and cash equivalents .....	\$ 43.3	\$ 23.8
Accounts receivable .....	957.8	847.5
Inventories .....	892.1	804.2
Other current assets .....	142.7	134.4
	-----	-----
Total Current Assets .....	2,035.9	1,809.9
	-----	-----
Property .....	6,927.3	6,604.0
Less accumulated depreciation .....	2,527.8	2,404.6
	-----	-----
Net Property .....	4,399.5	4,199.4
Investments in Equity Companies .....	273.3	376.2
Deferred Charges and Other Assets .....	371.3	330.2
	-----	-----
	\$7,080.0	\$6,715.7
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Debt payable within one year .....	\$ 839.3	\$ 771.8
Accounts payable .....	547.4	495.6
Other current liabilities .....	871.2	791.4
	-----	-----
Total Current Liabilities .....	2,257.9	2,058.8
Long-Term Debt .....	970.9	929.5
Noncurrent Employee Benefit Obligations .....	445.3	438.7
Deferred Income Taxes .....	632.9	612.8
Minority Owners' Interests in Subsidiaries .....	142.3	80.1
Stockholders' Equity .....	2,630.7	2,595.8
	-----	-----
	\$7,080.0	\$6,715.7
	=====	=====

Unaudited

See Notes to Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT  
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

(Millions of dollars)	Three Months Ended March 31	
	1995	1994
-----		
Operations		
Net income .....	\$108.7	\$136.2
Depreciation .....	87.2	79.0
Changes in operating working capital .....	(44.4)	(55.3)
Pension funding less than (in excess of) expense .....	9.5	(47.6)
Other .....	39.2	(6.2)
	-----	-----
Cash Provided by Operations .....	200.2	106.1
	-----	-----
Investing		
Capital spending .....	(104.5)	(82.1)
Acquisitions of businesses, net of cash acquired .....	(44.7)	-
Other .....	(14.9)	(31.2)
	-----	-----
Cash Used for Investing .....	(164.1)	(113.3)
	-----	-----
Financing		
Cash dividends paid .....	(70.5)	(69.2)
Changes in debt payable within one year .....	36.1	47.3
Increases in long-term debt .....	30.9	103.5
Decreases in long-term debt .....	(4.4)	(45.7)
Other .....	(8.7)	(.2)
	-----	-----
Cash (Used for) Provided by Financing .....	(16.6)	35.7
	-----	-----
Increase in Cash and Cash Equivalents .....	\$ 19.5	\$ 28.5
	=====	=====

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") generally have been prepared on the same basis as those in the 1994 Annual Report and include all adjustments necessary to present fairly the condensed consolidated balance sheet and consolidated income and condensed cash flow statements for the periods indicated. Certain reclassifications have been made to conform 1994 data to the current period presentation.
2. The average number of common shares outstanding used in the calculation of net income per share for the three months ended March 31, 1995 and 1994, was 160.2 million and 161.0 million, respectively. There were 160.3 million shares outstanding at March 31, 1995.
3. Share of net (loss) income of equity companies and net income for the first quarter of 1995 include a charge of \$26.8 million, or \$.17 per share, for losses incurred on the translation of U.S. dollar denominated liabilities into pesos resulting from the devaluation of the Mexican peso.
4. Following is a detail of inventories by major class as of March 31, 1995 and December 31, 1994:

(Millions of dollars)	March 31, 1995	December 31, 1994
-----		
At lower of cost on the First-In, First-Out (FIFO) method or market:		
Raw materials .....	\$213.3	\$180.8
Work in process .....	162.3	143.3
Finished goods .....	543.7	495.0
Supplies and other .....	145.1	132.8
	-----	-----
	1,064.4	951.9
Excess of FIFO cost over Last-In, First-Out (LIFO) cost .....	(172.3)	(147.7)
	-----	-----
Total .....	\$892.1	\$804.2
	=====	=====

Unaudited

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

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

Product Classes referred to in the following discussion and analysis are:

- Class I includes tissue products for household, commercial, institutional and industrial uses; infant, child, feminine and incontinence care products; industrial and commercial wipers; health care products; and related products.
- Class II includes newsprint, printing papers, premium business and correspondence papers, tobacco industry papers and products, technical papers, and related products.
- Class III includes aircraft services, commercial air transportation and other products and services.

Adjustments and reclassifications:

- Adjustments to sales shown in the following tables consist of intercompany sales of products between product classes or geographic areas. Adjustments to operating profit consist of expenses not associated with product classes or geographic areas.
- Certain reclassifications have been made to conform 1994 data to the current period presentation.

RESULTS OF OPERATIONS:

First Quarter 1995 Compared With First Quarter 1994

By Product Class  
(\$ Millions)

Net Sales	1995	% Change vs. 1994	% of 1995 Consolidated
Class I .....	\$1,643.3	+14.2%	81.6%
Class II .....	285.3	+ 7.6	14.2
Class III .....	105.6	+14.4	5.2
Adjustments .....	(19.6)		(1.0)
	-----		-----
Consolidated .....	<u>\$2,014.6</u>	+12.9%	<u>100.0%</u>
	=====		=====

Operating Profit	1995	% Change vs. 1994	% of 1995 Consolidated	% Return on Sales 1995	% Return on Sales 1994
Class I .....	\$169.1	- 1.5%	75.7%	10.3%	11.9%
Class II .....	54.6	+14.0	24.5	19.1	18.1
Class III .....	4.4	-13.7	2.0	4.2	5.5
Adjustments .....	( 4.8)		(2.2)		
	-----		-----		
Consolidated .....	<u>\$223.3</u>	+ 1.3%	<u>100.0%</u>	11.1%	12.4%
	=====		=====		

Commentary:

Net sales increased 12.9 percent in the first quarter of 1995, with almost 60 percent of the increase attributable to higher sales volumes.

- Sales volumes were higher in North America for Kleenex premium bathroom tissue, Kleenex facial tissue, Huggies disposable diapers, Depend and Poise incontinence care products, Huggies baby wipes, professional health care products, disposable training and youth pants, tobacco industry papers, and Midwest Express Airlines, Inc.
- Sales volumes and selling prices improved for consumer products in Europe and Asia.
- Selling prices were higher in North America for pulp and newsprint and Neenah Paper's premium business and correspondence papers, but were lower for Huggies disposable diapers.
- Changes in currency exchange rates increased consolidated net sales approximately \$24 million.

The higher sales volumes and the better selling prices contributed to an operating profit increase of 1.3 percent, but operating profit declined as a percentage of sales. Growth in operating profit was limited by higher worldwide costs for fiber and other raw materials, higher product improvement costs and increased promotion and selling expenses.

- The higher marketing costs were the result of strong competitive activity in the U.S. and European markets for consumer products and the costs of matching a competitor's price and count reductions on diapers and training pants in the U.S.
- Although business conditions remain competitive, European operating results improved. During the quarter, operating losses in Europe declined due to increased sales volumes, higher selling prices and manufacturing efficiencies, which more than offset higher fiber costs and increased promotion expenses to introduce Huggies diapers in France and Belgium.
- The North American disposable diaper and training pants businesses were adversely affected by the previously mentioned costs of matching price and count reductions, the costs of product improvements, primarily those associated with the introduction of stretchable side panels on Huggies diapers, and higher raw material costs.
- The North American facial tissue and consumer bathroom tissue businesses were adversely affected by higher fiber costs and increased promotion expenses but benefited from price increases which began taking effect late in the first quarter.
- Research and general expenses were higher largely due to the development of new and improved products and business expansion, but were virtually unchanged as a percentage of sales.
- The pulp and newsprint businesses had higher selling prices, and the tobacco industry papers business had higher selling prices, increased sales volumes and improved productivity.
- Changes in currency exchange rates had no significant effect on consolidated operating profit in the first quarter of 1995.

By Geography  
(\$ Millions)

Net Sales	1995	% Change vs. 1994	% of 1995 Consolidated
-----			
North America .....	\$1,519.7	+ 6.7%	75.4%
Outside North America .....	511.6	+33.7	25.4
Adjustments .....	(16.7)		(0.8)
	-----		-----
Consolidated .....	\$2,014.6	+12.9%	100.0%
	=====		=====

Operating Profit	1995	% Change vs. 1994	% of 1995 Consolidated	% Return on Sales 1995	% Return on Sales 1994
-----					
North America .....	\$212.0	- 4.5%	94.9%	14.0%	15.6%
Outside North America .....	16.1	N.M.	7.2	3.1	0.7
Adjustments .....	(4.8)		(2.1)		
	-----		-----		
Consolidated .....	\$223.3	+ 1.3%	100.0%	11.1%	12.4%
	=====		=====		

Net Income	1995	% Change vs. 1994	% of 1995 Consolidated
-----			
North America .....	\$115.3	- 8.3%	106.1%
Outside North America .....	(6.6)	N.M.	(6.1)
	-----		-----
Consolidated .....	\$108.7	-20.2%	100.0%
	=====		=====

N.M. - Not meaningful.

Additional commentary:

- Interest expense increased because of higher interest rates and debt levels.
- Although the effective tax rate remained at 37.5 percent for both periods, the net income comparison in North America is affected by a 1994 first quarter reduction in tax liabilities previously provided which were no longer required in the U.S. Partially offsetting this 1994 benefit were losses incurred outside the U.S. for which no tax benefits were recorded.
- Net income outside North America was adversely affected by the continuing decline in the value of the Mexican peso. During the quarter, the peso lost about 25 percent of its value versus the U.S. dollar. The Corporation's Mexican affiliate, Kimberly-Clark de Mexico, S.A. de C.V., has financed part of its operations with U.S. dollar-denominated liabilities, and the remeasurement of these liabilities by the affiliate resulted in an after-tax charge, of which Kimberly-Clark's share was \$26.8 million, or \$.17 per share.
- At March 31, 1995, the U.S. dollar exposure at Kimberly-Clark de Mexico was approximately \$395 million, up from \$330 million at December 31, 1994, reflecting an increase in the affiliate's short-term debt for the continued expansion of manufacturing facilities in that country.
- Although Kimberly-Clark de Mexico was able to increase prices in every product category and to increase sales volumes for most consumer products, the effects of such increases were not sufficient to compensate for higher raw material costs and for the effect of the peso devaluation.



- Results from equity companies include the previously mentioned foreign currency loss from the peso devaluation. Higher net income was earned at the Corporation's equity affiliates, Kimberly-Clark Australia Pty. Limited and Colombiana Universal de Papeles S.A. Excluding the nonoperating charge for the peso devaluation, the Corporation's share of income from the Mexican affiliate was \$16.5 million, or \$.10 per share, compared with \$18.9 million, or \$.12 per share, in the first quarter of 1994.

#### LIQUIDITY AND CAPITAL RESOURCES

- Cash provided by operations increased compared with the first quarter of 1994 primarily because of the timing of pension plan funding and higher dividends received from equity affiliates. Partially offsetting these factors were greater investments in customer accounts receivable, due in part to the higher net sales, and in inventories, primarily for business expansion. These operating working capital uses were partially financed by increases in accounts payable and accrued liabilities.
- In February 1995, the Corporation reached an agreement to acquire CPM Inc., a manufacturer of specialty recycled and virgin paper with operations in East Ryegate, Vt. The transaction is expected to close in the second quarter.
- In March 1995, the Corporation purchased a 51 percent interest in the tissue and feminine care assets of Peru-based Unicel S.A., a Kimberly-Clark licensee since 1985. Under the terms of the purchase agreement, Kimberly-Clark will form a new company called Kimperu S.A. that will operate manufacturing facilities in Lima.
- During the first quarter of 1995, the Corporation increased its investment in Carlton Paper Corporation Limited in South Africa from 38.7 percent to more than 50 percent and in Kimberly-Clark Argentina S.A. from 33.3 percent to 51 percent. These entities are now consolidated subsidiaries.

#### ENVIRONMENTAL MATTERS

The Environmental Protection Agency has not identified the Corporation as a potentially responsible party at any designated cleanup site which, in management's opinion, could have a material adverse effect on its business or results of operations.

#### OUTLOOK

As expected, the first quarter was a challenge because of economic difficulties in Mexico and the one-time costs of matching a competitor's price and count reductions on diapers in the U.S., as well as the timing of the previously announced price increases on U.S. tissue products. With price increases for tissue products taking effect late in the first quarter, with sales volumes improving and with a steady stream of new and improved products being introduced throughout the world, earnings for the remainder of 1995 are expected to improve significantly over the same period last year. Management also expects to achieve the corporate objective of a sustainable return on average stockholders' equity of at least 20 percent.

PART II - OTHER INFORMATION.

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

The 1995 Annual Meeting of Stockholders was convened at 11:00 a.m. on Thursday, April 20, 1995, at the Hotel Crescent Court, 400 Crescent Court, Dallas, Texas. Represented at the meeting in person or by proxy were 145,825,225 shares of common stock or 91% of all shares of common stock outstanding.

The following directors were elected to three-year terms expiring in 1998: Pastora San Juan Cafferty, Claudio X. Gonzalez, Louis E. Levy and Linda Johnson Rice. Of the shares represented at the meeting, at least 98.0% voted for each nominee, and .6% withheld authority to vote.

The Corporation's other directors are John F. Bergstrom, Paul J. Collins, James G. Groszklaus, Frank A. McPherson, Wayne R. Sanders, Wolfgang R. Schmitt, Randall L. Tobias and H. Blair White.

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, 99.5% voted for such selection, .3% voted against and .2% abstained or did not vote.

The stockholders also approved certain amendments to the Corporation's 1992 Equity Participation Plan. Of the shares represented at the meeting, 95.2% voted for such amendments, 2.5% voted against and 2.3% abstained or did not vote.

The stockholders rejected a stockholder proposal to separate the Corporation's tobacco-related businesses from its other businesses by January 1, 1996. Of the shares represented at the meeting, 77.6% voted against such proposal, 7.5% voted for and 14.9% abstained or did not vote.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

- (3) By-Laws of Kimberly-Clark Corporation, as amended April 20, 1995.
- (4) Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.
- (10) Kimberly-Clark Corporation 1992 Equity Participation Plan, as amended effective February 16, 1995.
- (11) The following statement is filed as an exhibit to Part I of this Form 10-Q:

The net income per common share computations included in the Consolidated Income Statement in Part 1, Item I, of this Form 10-Q are based on average number of shares of common stock outstanding. The only "common stock equivalents" or other potentially dilutive securities or agreements (as defined in Accounting Principles Board Opinion No. 15) which were contained in the Corporation's capital structure during the periods presented were options outstanding under the Corporation's Equity Participation Plans. Alternative computations of "primary" and "fully diluted" net income per share amounts for 1995 and 1994 assume the exercise of outstanding stock options using the "treasury stock method." There is no significant difference between net income per share presented in Item 1 and net income per share calculated on a "primary" and "fully diluted" basis for the first quarter of 1995 and 1994.

- (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)

	1995	1994
<hr/>		
Consolidated Companies		
Income before income taxes .....	\$186.0	\$183.6
Interest expense .....	34.7	31.1
Interest factor in rent expense .....	6.3	6.2
Amortization of capitalized interest .....	1.7	1.4
Equity Affiliates		
Share of 50%-owned:		
Income before income taxes .....	12.2	9.5
Interest expense .....	2.0	1.9
Interest factor in rent expense .....	.2	.1
Amortization of capitalized interest .....	.2	.1
Distributed income of less than 50%-owned .....	.2	-
	-----	-----
Earnings .....	\$243.5	\$233.9
	=====	=====
Consolidated Companies		
Interest expense .....	\$ 34.7	\$ 31.1
Capitalized interest .....	1.3	2.3
Interest factor in rent expense .....	6.3	6.2
Equity Affiliates		
Share of 50%-owned:		
Interest expense and capitalized interest .....	2.2	1.9
Interest factor in rent expense .....	.2	.1
	-----	-----
Fixed charges .....	\$ 44.7	\$ 41.6
	=====	=====
Ratio of earnings to fixed charges .....	5.45	5.62
	=====	=====

(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

- (i) The Corporation filed a Current Report on Form 8-K dated January 9, 1995, which reported a nonoperating charge attributable to the devaluation of the Mexican peso.

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  
-----

Randy J. Vest  
Vice President and Controller  
(principal accounting officer)

BY-LAWS

OF

KIMBERLY-CLARK CORPORATION

As Amended

APRIL 20, 1995

With excerpts from the emergency provisions of  
the Delaware General Corporation Law appended

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\* This Table of Contents has not been adopted by the Board of Directors as part of the By-Laws of the Corporation, but is provided solely for the convenience of the reader.

## BY-LAWS

OF

KIMBERLY-CLARK CORPORATION

As Amended Through April 20, 1995

Note: For convenience, the masculine has been used in these By-Laws with the intention that it include the feminine as well.

## CAPITAL STOCK

### 1. Certificates

Every stockholder shall be entitled to have a certificate in such form as the Board shall from time to time approve, signed by the Chairman of the Board, a Vice Chairman of the Board, the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, certifying the number of shares owned by him. Any of or all the signatures on the certificate and the corporate seal may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. While the corporation is authorized to issue more than one class of stock or more than one series of any class, there shall be set forth on the face or back of each certificate issued a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof of the corporation and the qualifications, limitations or restrictions of such preferences and/or rights.

### 2. Record Ownership

The name and address of the holder of each certificate, the number of shares represented thereby, and the date of issuance thereof shall be recorded in the corporation's books and records. The corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as required by law.

### 3. Transfer

Transfer of stock shall be made on the books of the corporation only by direction of the person named in the certificate or his attorney, lawfully constituted in writing, and only upon the surrender for cancellation of the certificate therefor and a written assignment of the shares evidenced thereby.

### 4. Lost Certificates

Any person claiming a stock certificate in lieu of one lost or destroyed shall give the corporation an affidavit as to his ownership of the certificate and of the facts which go to prove its loss or destruction. He shall also, if required by the Board, give the corporation a bond or other indemnification, in such form as may be approved by the Board, sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss of the certificate or the issuance of a new

certificate.

#### 5. Transfer Agent; Registrar

The corporation shall maintain one or more transfer offices or agencies, each in charge of a transfer agent designated by the Board, where the shares of stock of the corporation shall be transferable. The corporation shall also maintain one or more registry offices, each in charge of a registrar designated by the Board, where such shares of stock shall be registered. The same entity may be both transfer agent and registrar.

#### 6. Record Date; Closing Transfer Books

So that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting as provided in Article VI of the Certificate of Incorporation, or entitled to receive payment of any dividend or other distribution or allotment of rights, or entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purpose of any other lawful action, the Board may fix a record date which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than ten days from the date upon which the resolution fixing the record date is adopted by the Board in the case of a determination of the stockholders entitled to express consent to corporate action without a meeting, nor more than sixty days before any other action, and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of and to vote at such meeting, or to give such consent, or to receive such dividend or other distribution or allotment of rights, or to exercise such rights, or to take such other lawful action, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

#### MEETINGS OF STOCKHOLDERS

#### 7. Annual

The annual meeting of stockholders for the election of directors and the transaction of such other business as may properly be brought before the meeting shall be held at the offices of the corporation located in Dallas County, Texas, at 11:00 A.M. local time, on the third Thursday in April in each year, unless changed to a different time and place consistent with the provisions of Article VI of the Certificate of Incorporation. The Board, acting by resolution passed by a majority of the entire Board of Directors (as defined in Section (2) of Article VIII of the Certificate of Incorporation), may postpone or reschedule any previously scheduled annual meeting of stockholders, and may change any record date with respect thereto consistent with By-Law 6 of these By-Laws. Notice of such change shall be given to each stockholder at least ten days before the meeting is held. If the election of directors shall not be held on the day above designated for the annual meeting, the election shall be held as soon thereafter as conveniently may be, at an adjournment of such annual meeting or at a special meeting of the stockholders called for the purpose of holding such election.

#### 8. Special

Special meetings shall be held at such place, within or without the State of Delaware, as may from time to time be fixed consistent with the provisions of Article VI of the Certificate of Incorporation. In the event no such place has been fixed, special meetings shall be held at the offices of the corporation located in Dallas County, Texas.

#### 9. Notice

Written notice of every meeting of stockholders, stating the place, day, hour and purposes thereof, shall, except when otherwise required by law, be mailed at least ten, but not more than sixty days before such meeting to each stockholder of record entitled to vote thereat.

#### 10. Quorum

The holders of a majority of the voting power of the issued and outstanding shares of capital stock of the

corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting, except as otherwise required by law. In the event of lack of a quorum, the chairman of the meeting or a majority of the voting power of the shares of capital stock present in person or represented by proxy may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be obtained. At any such adjourned meeting at which there is a quorum, any business may be transacted which might have been transacted at the meeting originally called.

#### 11. Organization

The Chief Executive Officer, or in his absence such other officer as may be designated by the Board, shall be the chairman at stockholders' meetings. The Secretary of the corporation shall be the secretary at stockholders' meetings but in his absence the chairman of the meeting may appoint a secretary for the meeting.

#### 12. Voting

Except as otherwise provided in the Certificate of Incorporation, at each meeting of the stockholders, each holder of shares entitled to vote at such meeting shall, as to all matters in respect of which such shares have voting rights, be entitled to one vote in person or by written proxy for each share held of record by him. No vote upon any matter, except the election of directors or the amendment of the Certificate of Incorporation, is required to be by ballot unless demanded by the holders of at least 10% of the voting power of the shares of capital stock represented and entitled to vote at the meeting. All motions to introduce a matter for a vote by the stockholders at a meeting thereof, except for nominations for election as directors recommended by the Nominating Committee and approved by the Board, shall be seconded prior to a vote thereon by the stockholders.

A stockholder may authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder.

The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls. All elections and questions shall be decided by plurality vote, except as otherwise required by the laws of Delaware or the Certificate of Incorporation.

#### 13. Inspectors of Election

The Chief Executive Officer shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. He may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the number of shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The inspectors shall determine the validity of and count the proxies and ballots in accordance with applicable law.

#### 14. List of Stockholders

A complete list of the stockholders entitled to vote at



stockholders' meetings (arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder) shall be prepared by the Secretary and filed at least ten days prior to each meeting, either at a place specified in the notice of such meeting within the city or town where such meeting is to be held, or if no such place is specified, at the place where such meeting is to be held. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, and shall be produced and kept at the time and place of such meeting during the whole time thereof, and subject to the inspection of any stockholder who may be present. The original or duplicate stock ledger shall be the only evidence as to who are stockholders entitled to inspect such list.

#### BOARD OF DIRECTORS

##### 15. Resignation

A director may resign at any time by giving written notice to the corporation, addressed to the Chief Executive Officer or the Secretary. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein. Acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the notice.

##### 16. Annual Meeting

A meeting of the Board, to be known as the annual Board meeting, shall be held without call or notice immediately after and at the same general place as the annual meeting of the stockholders. The annual Board meeting shall be held for the purpose of organizing the Board, electing officers, and transacting any other business that may properly come before the meeting.

##### 17. Regular Meetings

Regular meetings of the Board may be held without call or notice at such place and at such time as shall be fixed by the Board.

##### 18. Special Meetings

Special meetings of the Board may be called by the Chief Executive Officer, and shall be called by the Secretary upon the request in writing of not less than two of the directors then in office. Special meetings of the Board may be held at such place and at such time as shall be designated in the call thereof. Notice of special meetings of the Board shall either be mailed by the Chief Executive Officer or the Secretary to each director at least three days before the meeting, or served upon, or sent by electronic means by the Chief Executive Officer or the Secretary to, each director at least one day before the meeting, but during an emergency as defined in By-Law 20, notice may be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publications or private or public electronic means. Unless required by law, the notice need not state the purposes of the meeting.

##### 19. Telephonic Meetings

Members of the Board or any committee designated by the Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

##### 20. Quorum

Except during the existence of an emergency and except as otherwise provided in these By-Laws or in the Certificate of Incorporation, one-third of the total number of directors, as fixed pursuant to Section (2) of Article VIII of the Certificate of Incorporation, shall constitute a quorum for the transaction of business. During the existence of an emergency, three directors shall constitute a quorum for the transaction of business. To the extent required to constitute a quorum at any meeting of the Board during an emergency, the officers of the corporation who are present shall be deemed, in order of rank and within the same rank in order of seniority, directors for such meeting. Subject to the provisions of the Certificate of Incorporation, the action of the majority of directors present at a meeting at which a quorum is present shall be the act of the Board. In the event of lack of a quorum, a majority of the directors present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum

shall be obtained. At any such adjourned meeting at which there is a quorum, any business may be transacted which might have been transacted at the meeting originally called.

An "emergency" for the purpose of these By-Laws shall be any emergency resulting from an attack on the United States or on a locality in which the corporation conducts its business or customarily holds meetings of its Board or its stockholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or

other similar emergency condition, as a result of which a quorum of the Board or a standing committee thereof cannot readily be convened for action.

#### 21. Action Without Meeting

Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing and such written consent is filed with the minutes of the proceedings of the Board.

#### 22. Organization

The Chairman of the Board, or in his absence the Chief Executive Officer, or in his absence a director chosen by the directors present, shall act as chairman at meetings of the Board. The Secretary of the corporation shall act as secretary at meetings of the Board but in his absence the chairman of the meeting may appoint a secretary for the meeting.

#### 23. Compensation

The compensation of directors for services as directors and as members of committees of the Board shall be as fixed by the Board from time to time. The compensation, if any, of the directors need not be uniform as between directors and the compensation, if any, of the members of the committees of the Board need not be uniform either as between members of a committee or as between committees. The Board shall provide for reimbursing the directors for expenses incurred in attending meetings of the Board or committees thereof.

Any director may also serve the corporation in any other capacity and receive compensation, including fees and expenses, for such service.

#### COMMITTEES OF THE BOARD

#### 24. Standing and Other Committees

The directors shall from time to time designate, by resolution passed by a majority of the entire Board of Directors (as defined in Section (2) of Article VIII of the Certificate of Incorporation), an Audit Committee, a Compensation Committee, an Executive Committee and a Nominating Committee, each of which shall have and may exercise the powers of the Board in the direction of the business and affairs of the corporation in respect to the matters and to the extent hereinafter set forth, subject to the power of the Board to assign from time to time to any such committees or to any other committees such powers in respect to specific matters as the Board may deem desirable. These four committees shall be the standing committees of the corporation. The Board may, by resolution passed by a majority of the entire Board of Directors, designate such other committees as it from time to time may deem appropriate; no such committee shall consist of fewer than two directors, and the powers of each such committee shall be limited to those specified in the resolution designating the committee.

#### 25. Procedure

Each committee shall fix its own rules of procedure and shall meet where and as provided by such rules, but the presence of a majority shall be necessary to constitute a quorum, unless otherwise provided by these By-Laws. Each committee shall keep minutes of its meetings. Any action required or permitted to be taken at any meeting of any committee may be taken without a meeting if all the members consent thereto in writing and such written consent is filed with the minutes of the proceedings of such committee. All action by each committee shall be reported to the Board.

#### 26. Audit Committee

The Audit Committee shall consist of three or more members. The Board shall select the members of the Audit Committee from among the directors who are not officers or employees of the corporation and shall designate the

Chairman of the Committee. The Audit Committee shall, with respect to the corporation and the other entities as to which the corporation has power to select and engage auditors, select and engage independent public

accountants to audit books, records and accounts, determine the scope of audits to be made by the auditors and establish policy in connection with internal audit programs and the scope thereof, and shall perform such other duties as the Board may from time to time prescribe.

#### 27. Compensation Committee

The Compensation Committee shall consist of three or more members. The Board shall select the members of the Compensation Committee from among the directors who are not, and have not been for at least one year prior to selection, officers or employees of the corporation and shall designate the Chairman of the Committee. The Compensation Committee shall constitute the Stock Option Committee provided for under any stock option plan of the corporation. It shall from time to time fix the compensation of employees who are directors of the corporation and, in consultation with the Chief Executive Officer, the compensation of officers of the corporation who are elected by the Board. It shall review and make recommendations to the Board from time to time with respect to the compensation of directors pursuant to By-Law 23.

#### 28. Executive Committee

The Executive Committee shall consist of three or more members including, by virtue of his office, the Chief Executive Officer. The Board shall select the other members of the Committee from among the directors and shall designate the Chairman thereof.

The Executive Committee, when the Board is not in session, shall have and may exercise all of the powers of the Board to direct the business and the affairs of the corporation, including but not limited to the power to declare dividends and to authorize the issuance of stock, except the powers hereinafter in these By-Laws assigned to any other standing committee and except to the extent, if any, that the authority of the Committee may be limited in any respect by law, by the Certificate of Incorporation or by these By-Laws.

#### 29. Nominating Committee

The Nominating Committee shall consist of three or more members. The Board shall select the members of the Nominating Committee from among the directors who (except in the case of the Chairman of the Board) are not officers or employees of the corporation. The Nominating Committee shall have the power to: propose and consider suggestions as to candidates for membership on the Board; periodically recommend to the Board candidates for vacancies on the Board due to resignations or retirements or due to such standards for composition of Board membership as may from time to time legally prevail; review and recommend to the Board such modifications to the prevailing Board of Directors retirement policy as may be deemed appropriate in light of contemporary standards; and propose to the Board on or before March 1 of each year a slate of directors for submission to the stockholders at the annual meeting.

#### 30. Alternates; Vacancies in Committees

The Board may designate one or more directors as alternate members of any committee. Alternate members shall serve, in the order in which the Board shall determine, when one or more members of the committee shall be absent or disqualified. Alternate members may attend committee meetings as observers, without the right to vote when all members are present; when fewer than all are present, only an alternate member serving in the place of an absent or disqualified member shall have the right to vote. If no alternate is available, the committee member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any absent or disqualified member. All members of all committees (including Chairmen) shall serve at the pleasure of the Board.

### OFFICERS

#### 31. Designation; Election; Qualification; Term

Each year at the annual Board meeting the directors shall elect a Chairman of the Board, a Chief Executive Officer, a Secretary and a Treasurer. From time to time the Board may also elect or appoint a Vice Chairman of the Board or Vice

Chairmen of the Board, a President, such Executive, Senior or other Vice Presidents as it may deem appropriate, a Chief Financial Officer, and such other officers, including a Controller, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers, as it may deem appropriate. The Chief Executive Officer may appoint any officers of the corporation not required to be elected by the Board, as he may deem appropriate. The Chairman of the Board, the Chief Executive Officer, and any Vice Chairman of the Board must be directors; no other officer need be a director. Any number of offices may be held by the same person. The term of each officer, whenever elected or appointed, shall be until the election or appointment (as the case may be) and qualification of his successor or until his earlier resignation or removal.

## 32. Duties

The officers shall have such powers and perform such duties as are prescribed in these By-Laws, or, in the case of an officer whose powers and duties are not so prescribed, as may be assigned by the Board or delegated by or through the Chief Executive Officer.

## 33. Resignation; Removal; Vacancies

Any officer may resign at any time by giving notice to the corporation addressed to the Chief Executive Officer or the Secretary. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the notice. Any officer may be removed by the Board at any time with or without cause. Any appointed officer may be removed by the Chief Executive Officer at any time with or without cause. A vacancy in any office may be filled by the Board, and a vacancy in any appointed office may be filled by the Chief Executive Officer, for the unexpired portion of the term.

## 34. Chief Executive Officer

The Chief Executive Officer of the corporation shall be elected by the Board. Subject to the Board, he shall be in general and active charge, control and supervision over the management and direction of the business, property and affairs of the corporation. He shall keep the Board fully informed, and shall freely consult it, concerning the business of the corporation in his charge.

He shall, subject to these By-Laws, have authority to:

(i) appoint or approve the appointment of employees to various posts and positions in the corporation bearing titles designated or approved by him and to prescribe their authority and duties, which may include the authority to appoint subordinates to various other posts and positions; and

(ii) remove or approve the removal of employees so appointed; and

(iii) sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, notes, debentures, stock certificates, contracts, including contracts of guaranty and suretyship, leases, reports and other documents and instruments, except where the signing or execution thereof by some other officer or employee of the corporation shall be expressly authorized and directed by law, or by the Board, or by these By-Laws. Unless otherwise provided by law, or by these By-Laws, or by the Board, he may authorize in a writing filed with the Secretary, any officer, employee, or agent of the corporation to sign, execute and acknowledge, on behalf of the corporation and in his place and stead, any or all such documents and instruments.

He shall have such other authority and perform such other duties as are incident to the office of Chief Executive Officer and as may be prescribed from time to time by the Board and these By-Laws.

In the absence or disability of the Chief Executive Officer, or in case of an unfilled vacancy in that office, until such time as the Board shall elect his successor, his duties shall be performed and his powers shall be exercised by other elected officers of the corporation who are also directors (unless none are directors) in the order in which such officers were listed in their respective elections.

## 35. Chairman of the Board, Vice Chairman of the Board and President

The Chairman of the Board, any Vice Chairman of the Board and the President, each acting alone, shall have authority

to sign, execute and acknowledge on behalf of the corporation, all deeds, mortgages, bonds, notes, debentures, stock certificates, contracts, including contracts of guaranty and suretyship, leases, reports and other documents and instruments, except where the signing or execution thereof by some other officer or employee shall be expressly authorized and directed by law, or by the Board, or by the Chief Executive Officer or by these By-Laws. Each shall have such additional powers and perform such additional duties as may be assigned to him by the Board or as may be delegated to him by the Chief Executive Officer.

#### 36. Vice Presidents

Each Vice President shall have such powers and perform such duties as may be assigned to him by the Board or as may be delegated to him by the Chief Executive Officer.

Each Executive Vice President shall have authority to sign, execute and acknowledge on behalf of the corporation, all deeds, mortgages, bonds, notes, debentures, contracts, including contracts of guaranty and suretyship, leases, reports and other documents and instruments, except where the signing or execution thereof by some other officer or employee shall be expressly authorized and directed by law, or by the Board, or by the Chief Executive Officer, or by these By-Laws.

#### 37. Chief Financial Officer

The Chief Financial Officer shall:

(i) be the principal financial officer of the corporation and have responsibility for all financial affairs of the corporation; and

(ii) protect the cash, securities, receivables and other financial resources of the corporation, have responsibility for investment, receipt, custody and disbursement of such resources, and establish policies for granting credit to customers; and

(iii) maintain the creditworthiness of the corporation; and

(iv) negotiate and procure capital required by the corporation, including long-term debt and equity, maintain adequate sources for the corporation's short-term financing requirements and maintain banking relationships; and

(v) administer the accounting policies of the corporation and the internal controls with respect to its financial affairs; and

(vi) supervise the corporation's books of account, and have access to all records, including the Secretary's records; and

(vii) in general, have such other powers and perform such other duties as may be assigned from time to time by the Board or by or through the Chief Executive Officer.

#### 38. Controller

The Controller shall:

(i) be the principal accounting officer of the corporation; and

(ii) have custody and charge of the corporation's books of account, and have access to all records, including the Secretary's and the Treasurer's records, for purpose of obtaining information necessary to verify or complete the records of the Controller's office; and

(iii) implement the policies for granting credit to customers; and

(iv) implement the internal controls with respect to the financial affairs of the corporation; and

(v) have the responsibility for processing vouchers for payment by the Treasurer; and

(vi) in general, have such other powers and perform such other duties as may be assigned from time to time by the Board or by or through the Chief Executive Officer.

#### 39. Secretary

The Secretary shall:

(i) attend and keep the minutes of all meetings of the stockholders, the Board, and of such committees as the Board

may direct; and

(ii) have custody of the corporate seal and all corporate records (including transfer books and stock ledgers), contracts, papers, instruments, documents and books of the corporation except those required to be kept by other officers under these By-Laws; and

(iii) sign on behalf of the corporation such documents and instruments as require his signature when approved in accordance with these By-Laws, and to such documents he shall affix the corporate seal when necessary and may do so when he deems it desirable; and

(iv) see that notices are given and records and reports are properly kept and filed by the corporation as required by these By-Laws or as required by law; and

(v) in general, have such other powers and perform such other duties as are incident to the office of Secretary and as may be assigned to him from time to time by the Board or by or through the Chief Executive Officer.

#### 40. Treasurer

The Treasurer shall:

(i) receive and sign receipts for all moneys paid to the corporation and shall deposit the same in the name and to the credit of the corporation in authorized banks or depositories; and

(ii) when necessary or desirable, endorse for collection on behalf of the corporation all checks, drafts, notes and other obligations payable to it; and

(iii) disburse the funds of the corporation only upon vouchers duly processed and under such rules and regulations as the Board may from time to time adopt; and

(iv) keep full and accurate accounts of the transactions of his office in books belonging to the corporation; and

(v) render as the Board may direct an account of the transactions of his office; and

(vi) in general, have such other powers and perform such other duties as are incident to the office of Treasurer and as may be assigned to him from time to time by the Board or by or through the Chief Executive Officer.

#### MISCELLANEOUS

#### 41. Offices

The registered office of the corporation in the State of Delaware shall be located at 1209 Orange Street, Wilmington, Delaware 19801 and the name of the registered agent in charge thereof shall be The Corporation Trust Company. The corporation may have such other offices as the Board may from time to time determine. The books of the corporation may be kept outside the State of Delaware.

#### 42. Seal

The corporation's seal shall be circular in form with ``KIMBERLY-CLARK CORPORATION -- DELAWARE" around the periphery and ``1928 -- CORPORATE SEAL" within.

#### 43. Fiscal Year

The fiscal year of the corporation shall begin on January 1 of each year.

#### 44. Annual Report

At least fifteen days in advance of the annual meeting of stockholders, but not later than three months after the close of the fiscal year, the Board shall publish and submit to the stockholders a consolidated balance sheet of the corporation and its consolidated subsidiaries as of the end of the previous fiscal year and the related consolidated income and cash flow statements of the corporation and its consolidated subsidiaries for the previous fiscal year.

#### 45. Indemnification of Directors and Officers

The corporation shall:

(i) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of

the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or in the case of an officer or director of the corporation is or was serving as an employee or agent of a partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful; and

(ii) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or in the case of an officer or director of the corporation is or was serving as an employee or agent of a partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

The corporation shall be required to indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee against the corporation or any of its directors, officers or employees only if the initiation of such proceeding (or part thereof) by the indemnitee was authorized by the Board. Notwithstanding the foregoing, the corporation shall be required to indemnify an indemnitee in connection with a proceeding seeking to enforce rights to indemnification without the authorization of the Board to the extent that such proceeding is successful on the merits. To the extent that a director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (i) and (ii), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Any indemnification under subsections (i) and (ii) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (i) and (ii). Such determination shall be made (1) by a majority vote of the directors who were not parties to such action, suit or proceedings, even though less than a quorum; or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion; or (3) by the stockholders.

Expenses (including attorneys' fees) incurred in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this By-Law.

The indemnification and advancement of expenses provided by, or granted pursuant to, the other paragraphs of this By-Law shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote

of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

The corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

The Board may authorize and direct that insurance be purchased and maintained on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or in the case of an officer or director of the corporation is or was serving as an employee or agent of a partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this By-Law.

#### 46. Reliance on Records

Each director, each member of any committee designated by the Board, and each officer, shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the corporation and upon such information, opinion, reports or statements presented to the corporation by any of the corporation's officers or employees, or committees of the Board, or by any other person as to matters the director, member or officer reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation.

#### 47. Inspection of Books

The directors shall determine from time to time whether, and, to what extent and at what times and places and under what conditions and regulations the accounts and other books and records of the corporation (except such as may by statute be specifically open to inspection) or any of them, shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

#### 48. Transactions with the Corporation

No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

(i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

No other contract or transaction in which a director or officer has an interest and which may, under law, be



authorized, approved or ratified by the Board, a committee thereof, or the stockholders shall be void or voidable if authorized, approved or ratified by the body which under law may authorize, approve or ratify such contract or transaction.

#### 49. Ratification

Any transaction questioned in any stockholders' derivative suit on the ground of lack of authority, defective or irregular execution, adverse interest of director, officer or stockholder, nondisclosure, miscomputation, or the application of improper principles or practices of accounting may be ratified before or after judgment, by the Board or by the stockholders in case less than a quorum of directors is qualified; and, if so ratified, shall have the same force and effect as if the questioned transaction had been originally duly authorized, and said ratification shall be binding upon the corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect to such questioned transaction.

#### 50. Voting of Stocks

Unless otherwise ordered by the Board, any one of the Chief Executive Officer, the Chairman of the Board, the President, any Vice Chairman of the Board, any Executive Vice President or any Senior Vice President shall have full power and authority, on behalf of the corporation, to consent to or approve of any action by, and to attend, act and vote at any meeting of stockholders of, any company in which the corporation may hold shares of stock, and in giving such consent or approval or at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such shares and which as the holder thereof, the corporation might possess and exercise if personally present, and may exercise such power and authority through the execution of proxies or may delegate such power and authority to any other officer, agent or employee of the corporation.

#### 51. Notice

Any notice which the corporation is required to give under these By-Laws may be given personally or it may be given in writing by depositing the notice in the post office or letter box in a postpaid envelope directed to such address as appears on the books of the corporation. Such notice shall be deemed to be given at the time of mailing.

#### 52. Waiver of Notice

Whenever any notice is required to be given, a waiver thereof in writing signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

#### 53. Dispensing with Notice

No notice need be given to any person with whom communication is made unlawful by any law of the United States or any rule, regulation, proclamation or executive order issued under any such law.

#### 54. Amendments

Subject to the provisions of the Certificate of Incorporation, these By-Laws may be altered, amended or repealed by the stockholders or by the Board.

The following emergency provisions are excerpted from -- 110 Delaware General Corporation Law

The board of directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties.

The board of directors, either before or during any such emergency, may, effective in the emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officers so to do.

No officer, director or employee acting in accordance with any emergency by-laws shall be liable except for willful misconduct.

To the extent not inconsistent with any emergency by-laws so adopted, the by-laws of the corporation shall remain in effect during any emergency and upon its termination the emergency by-laws shall cease to be operative.

Unless otherwise provided in emergency by-laws, notice of any meeting of the board of directors during such an emergency may be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio.

To the extent required to constitute a quorum at any meeting of the board of directors during such an emergency, the officers of the corporation who are present shall, unless otherwise provided in emergency by-laws, be deemed, in order of rank and within the same rank in order of seniority, directors for such meeting.

KIMBERLY-CLARK CORPORATION  
1992 EQUITY PARTICIPATION PLAN  
(as amended and restated effective February 16, 1995)

1. PURPOSE

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

2. EFFECTIVE DATE

The Plan was originally adopted effective as of April 24, 1992, upon approval by the stockholders of the Corporation at the 1992 Annual Meeting. The Plan as hereby amended and restated is adopted effective as of February 16, 1995, upon approval by the stockholders of the Corporation at the 1995 Annual Meeting.

3. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 4. ADMINISTRATION

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

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

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

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

#### 5. ELIGIBILITY

The Committee shall from time to time select the Plan Participants from those employees whom the Committee determines either to be in a position to contribute materially to the success of

the Corporation or Affiliate or to have in the past so contributed. Only employees (including officers and directors who are employees) of the Corporation and its Affiliates are eligible to participate in the Plan.

## 6. FORMS OF AWARDS

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

## 7. PARTICIPATION SHARES

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

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

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

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

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

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

Common Stock during such quarter (but subsequent to the date of the award in the case of Participation Shares and subsequent to the date of crediting in the case of Dividend Shares) by the total of the Participation Shares and Dividend Shares in the Participant's Account. The amount so determined shall be divided by the Book Value of one share of Common Stock as of the close of such fiscal quarter, and the quotient shall represent the number of full and fractional Dividend Shares credited to the Participant's Account for that quarter.

(d) Dividend Maintenance. No Dividend Shares shall be credited to a Participant's Account in any quarter (i) in which the total cash dividends declared per share of Common Stock are less than \$.41 or (ii) in which the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year, except that the determination of whether the total cash dividends per share of Common Stock are less than in the immediately preceding year shall be made after adjustment for the two-for-one stock split which occurred in 1992 in accordance with generally accepted accounting principles. When total cash dividends declared per share of Common Stock are less than total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year as described above, the book value of each Participation Share held by a Participant shall be reduced by an amount equal to the difference between the cash dividend declared in such immediately preceding quarter less the cash dividend declared in the quarter the cash dividend is reduced.

(e) Adjustments. To preserve the benefit to the Participant and the Corporation contemplated hereby, stock repurchases (other than Common Stock transferred to the Corporation upon the exercise of an Option pursuant to subsection 8(f)) or changes in the Corporation's accounting policies during any fiscal year shall be automatically excluded for purposes of determining Book Value for purposes of this Plan for such fiscal year and for all future years with respect to any outstanding Participation Share Awards; provided, however, that the Committee shall have the discretion to waive any such exclusion that would have the effect of increasing Book Value (to the extent that such discretion does not result in the disallowance of a deduction to the Corporation under section 162(m) of the Code or any successor section). To further preserve the benefit to the Participant and the Corporation contemplated hereby, if a cash dividend is declared in any quarter and the payment date for such cash dividend is later than the immediately subsequent quarter, then such cash dividend will be deemed to be declared in the quarter immediately preceding the payment date for all purposes of this Plan, as of the first date the Board meets in such quarter, or if the Board does not meet in such quarter, on the first business day of such quarter, including, but not limited to, the determination of (i) Book Value in subsection 7(a), (ii) Dividend Shares in subsection 7(c) and (iii) whether the total cash dividends declared per share of Common Stock in a quarter is less than \$.41 or whether the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year in subsection 7(d).

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

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

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

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

## 8. STOCK OPTIONS

The Committee shall determine and designate from time to time those Participants to whom Options are to be granted and the number of shares of Common Stock to be optioned to each. Such

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

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

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

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

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

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

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

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

(h) Limitations on Incentive Stock Option Grants.

(i) An Incentive Stock Option shall be granted

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

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

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

(j) Election to Receive Cash Rather than Stock.

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

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

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

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

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

(b) An authorized leave of absence shall not be deemed to be a termination of employment for purposes of the Plan. A termination of employment with the Corporation or an Affiliate to accept immediate reemployment with the Corporation or an Affiliate likewise shall not be deemed to be a termination of employment for purposes of the Plan.



10. SHARES SUBJECT TO THE PLAN

The number of shares of Common Stock available with respect to all Awards granted under this Plan shall not exceed 10,000,000 in the aggregate, of which not more than 10,000,000 shall be available for option and sale, subject to the adjustment provision set forth in section 12 hereof. The shares of Common Stock subject to the Plan may consist in whole or in part of authorized but unissued shares or of treasury shares, as the Board may from time to time determine. Participation Shares which are retired through forfeiture or maturity, other than those Participation Shares which are retired through the payment of Common Stock, and shares subject to Options which become ineligible for purchase will be available for Awards under the Plan to the extent permitted by section 16 of the Exchange Act (or the rules and regulations promulgated thereunder) and to the extent determined to be appropriate by the Committee. Shares of Common Stock which are distributed through the payment of Participation Share Awards pursuant to subsection 7(c) will not be available for Awards under the Plan.

11. INDIVIDUAL LIMITS

The maximum number of Participation Shares or shares of Common Stock covered by Options which may be granted to any Participant within any 2 consecutive calendar year period shall not exceed 500,000 in the aggregate. If an Option which had been granted to a Participant is canceled, the shares of Common Stock which had been subject to such canceled Option shall continue to be counted against the maximum number of shares for which Options may be granted to the Participant. In the event that the number of Participation Shares which may be awarded or Options which may be granted is adjusted as provided in the Plan, the above limits shall automatically be adjusted in the same ratio which reflects the adjustment to the number of Participation Shares or Options available under the Plan.

12. CHANGES IN CAPITALIZATION

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

13. EFFECT ON OTHER PLANS

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

14. TERM OF THE PLAN

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

15. GENERAL PROVISIONS

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

the death of such Participant.

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

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

(d) Modification of Awards.

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

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

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

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

Plan, and no such obligation of the Corporation or its Affiliates shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation or its Affiliates.

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

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

(h) Election to Defer Receipt.

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

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

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

(ii) Upon written application by a Participant or his legal representative stating that severe financial hardship will result from continued deferral, the Committee in its sole discretion may authorize payment of such Participant's deferred amounts prior to the date specified in the written notice described in subparagraph (h)(1) above. For purposes of this Plan, a "severe financial hardship" is an unanticipated emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship to the individual

if the emergency distribution were not permitted. Cash needs arising from foreseeable events, such as the purchase of a residence or education expenses for children shall not be considered the result of a severe financial hardship. For purposes of this Plan, a "severe financial hardship" is limited to an event described in Treasury Regulation section 1.401(k)-1(d)(2)(iv)(A)(1) or (4). For purposes of this Plan, a distribution is in "the amount necessary to satisfy the emergency" only if the requirements of Treasury Regulation section 1.401(k)-1(d)(2)(iv)(B) are satisfied. A Participant must provide the Committee with substantiation of any such claim of severe financial hardship.

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

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

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

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

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

the rights or obligations under any Awards or other rights previously granted the Participant under the Plan.

Certain items below are not disclosed since they are not required for interim reporting under Regulation S-X, Article 10.

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	MAR-31-1995
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Items not disclosed since they are not required for interim reporting under Regulation S-X, Article 10