

KIMBERLY CLARK CORP

Form DEF 14A

March 14, 2006

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**UNITED STATES
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Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Kimberly-Clark Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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March 14, 2006

Thomas J. Falk
Chairman of the Board and
Chief Executive Officer

TO OUR STOCKHOLDERS:

On behalf of the Board of Directors and management of Kimberly-Clark Corporation, I cordially invite you to the Annual Meeting of Stockholders to be held on Thursday, April 27, 2006, at 11:00 a.m. at the Four Seasons Resort and Club, which is located at 4150 North MacArthur Boulevard, Irving, Texas.

At the Annual Meeting, stockholders will be asked to elect four directors for a three-year term, approve the selection of the Corporation's independent auditors and vote on four stockholder proposals. These matters are fully described in the accompanying Notice of Annual Meeting and proxy statement.

It is important that your stock be represented at the meeting regardless of the number of shares you hold. You are encouraged to specify your voting preferences by marking and dating the enclosed proxy card, voting electronically using the Internet or using the telephone voting procedures.

If you plan to attend the meeting, please check the card in the space provided or so indicate electronically or by telephone. This will assist us with meeting preparations and will enable us to expedite your admittance. If your shares are not registered in your own name and you would like to attend the meeting, please ask the broker, trust, bank or other nominee that holds your shares to provide you with evidence of your share ownership, which will enable you to gain admission to the meeting.

Sincerely,

Thomas J. Falk

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**KIMBERLY-CLARK CORPORATION
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
APRIL 27, 2006**

The Annual Meeting of Stockholders of KIMBERLY-CLARK CORPORATION will be held at the Four Seasons Resort and Club, which is located at 4150 North MacArthur Boulevard, Irving, Texas, on Thursday, April 27, 2006, at 11:00 a.m. for the following purposes:

1. To elect four directors for a three-year term to expire at the 2009 Annual Meeting of Stockholders;
2. To approve the selection of Deloitte & Touche LLP as the Corporation's independent auditors;
3. To vote on four stockholder proposals which may be presented at the meeting; and
4. To take action upon any other business which may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on February 27, 2006 are entitled to notice of and to vote at the meeting and any adjournment thereof.

It is important that your shares be represented at the meeting. I urge you to sign, date and promptly return the enclosed proxy card in the enclosed business reply envelope, or vote using the Internet or telephone.

The accompanying proxy statement also is being used to solicit voting instructions for the shares of the Corporation's common stock which are held by the trustees of the Corporation's employee benefit and stock purchase plans for the benefit of the participants in the plans. It is important that each participant in the plans signs, dates and returns the voting instruction card, which is enclosed with the proxy statement, in the business reply envelope provided, or indicates his or her preferences using the Internet or telephone.

By order of the Board of Directors.

Timothy C. Everett
Vice President and Secretary

P.O. Box 619100
Dallas, Texas 75261-9100
March 14, 2006

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March 14, 2006

**PROXY STATEMENT
INTRODUCTION**

The accompanying proxy is solicited on behalf of the Board of Directors of Kimberly-Clark Corporation for use at the Annual Meeting of Stockholders to be held on April 27, 2006 and at any adjournment thereof. We are first mailing this proxy statement and the accompanying proxy to holders of the Corporation's common stock on March 14, 2006.

Who May Vote

Each stockholder of record at the close of business on February 27, 2006 will be entitled to one vote for each share registered in the stockholder's name. As of that date, there were outstanding 461,083,650 shares of common stock of the Corporation.

How You May Vote

You may vote in person by attending the meeting, by completing and returning a proxy by mail, or by using the Internet or telephone. To vote your proxy by mail, mark your vote on the enclosed proxy card, then follow the instructions on the card. To vote your proxy using the Internet or telephone, see the instructions on the proxy form and have the proxy form available when you access the Internet website or place your telephone call.

The named proxies will vote your shares according to your directions. If you sign and return your proxy but do not make any of the selections, the named proxies will vote your shares for the election of directors, for approval of the selection of the Corporation's independent auditors and against approval of the stockholder proposals.

How You May Revoke or Change Your Vote

You may revoke your proxy before the time of voting at the meeting in any of the following ways:

by mailing a revised proxy to the Secretary of the Corporation

by changing your vote on the Internet website

by using the telephone voting procedures

by voting in person at the meeting

Confidential Voting

Proxy cards are received by the Corporation's independent proxy processing agent, and the vote is certified by independent Inspectors of Election. Proxy cards and ballots that identify the vote of stockholders and plan participants will be kept confidential, except as necessary to meet legal requirements, in cases where stockholders and participants request disclosure or write comments on their cards, or in a contested matter involving an opposing proxy solicitation. During the proxy solicitation period, the Corporation will receive daily tabulation reports from the independent proxy processing agent, but these reports provide only aggregate data. In addition, the agent will identify stockholders who fail to vote so that the Corporation may contact them and request they do so.

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Costs of Solicitation

The Corporation will bear the cost of preparing, printing and delivering materials in connection with this solicitation of proxies including the cost of the proxy solicitation and the expenses of brokers, fiduciaries and other nominees in forwarding proxy material to beneficial owners. In addition to the use of mail and electronic delivery, solicitation may be made by telephone or otherwise by regular employees of the Corporation. The Corporation has retained D. F. King & Co., Inc. to aid in the solicitation at a cost of approximately \$14,000 plus reimbursement of out-of-pocket expenses.

Votes Required/ Voting Procedures

A majority of the shares of the Corporation's common stock, present in person or represented by proxy, shall constitute a quorum for purposes of the Annual Meeting. Directors shall be elected by a plurality of the votes present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. In all matters other than the election of directors, the affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the subject matter shall be the act of the stockholders. Abstentions are treated as votes against a proposal and broker non-votes will not be considered present and entitled to vote.

Dividend Reinvestment and Stock Purchase Plan

If a stockholder is a participant in the Corporation's Automatic Dividend Reinvestment and Stock Purchase Plan, the proxy card represents the number of full shares in the stockholder's account in the plan, as well as shares registered in the stockholder's name.

Employee Benefit Plans

The Corporation also is sending this proxy statement and voting materials to participants in various employee benefit and stock purchase plans of the Corporation. The trustee of each plan, as the stockholder of record of the shares of the common stock of the Corporation held in the plans, will vote whole shares of stock attributable to each participant's interest in the plans in accordance with the directions the participant gives or, if no directions are given by the participant, in accordance with the directions of the respective plan committee.

Electronic Delivery of Proxy Materials and Annual Report

The Notice of Annual Meeting and proxy statement and the Corporation's 2005 Annual Report are available on our website at www.kimberly-clark.com. Instead of receiving copies of the proxy statement and annual report in the mail, stockholders may elect to receive an e-mail with a link to these documents on the Internet. Receiving your proxy materials online saves the Corporation the cost of producing and mailing documents to your home or business and gives you an automatic link to the proxy voting site.

Stockholders of Record. If your shares are registered in your own name, to enroll in the electronic delivery service, go directly to our transfer agent's website at www.econsent.com/kmb anytime and follow the instructions.

Beneficial Stockholders. If your shares are not registered in your name, to enroll in the electronic delivery service, check the information provided to you by your bank or broker, or contact your bank or broker for information on electronic delivery service.

Plan Participants. If you are a participant in one or more of the Corporation's employee benefit or stock purchase plans, to enroll in the electronic delivery service, go directly to our transfer agent's website at www.econsent.com/kmb anytime and follow the instructions.

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Delivery of One Proxy Statement and Annual Report to a Single Household to Reduce Duplicate Mailings

Each year in connection with the Corporation's Annual Meeting of Stockholders, the Corporation is required to send to each stockholder of record a proxy statement and annual report, and to arrange for a proxy statement and annual report to be sent to each beneficial stockholder whose shares are held by or in the name of a broker, bank, trust or other nominee. Because many stockholders hold shares of the Corporation's common stock in multiple accounts or share an address with other stockholders, this process results in duplicate mailings of proxy statements and annual reports. Stockholders may avoid receiving duplicate mailings and save the Corporation the cost of producing and mailing duplicate documents as follows:

Stockholders of Record. If your shares are registered in your own name and you are interested in consenting to the delivery of a single proxy statement or annual report, you may contact Stockholder Services by mail at P.O. Box 612606, Dallas, Texas 75261-2606, by telephone at 972-281-1522 or by e-mail at stockholders@kcc.com.

Beneficial Stockholders. If your shares are not registered in your own name, your broker, bank, trust or other nominee that holds your shares may have asked you to consent to the delivery of a single proxy statement or annual report if there are other Kimberly-Clark stockholders who share an address with you. If you currently receive more than one proxy statement or annual report at your household, and would like to receive only one copy of each in the future, you should contact your nominee.

Right to Request Separate Copies. If you consent to the delivery of a single proxy statement and annual report but later decide that you would prefer to receive a separate copy of the proxy statement or annual report, as applicable, for each stockholder sharing your address, then please notify us or your nominee, as applicable, and we or they will promptly deliver such additional proxy statements or annual reports. If you wish to receive a separate copy of the proxy statement or annual report for each stockholder sharing your address in the future, you may also contact Stockholder Services by mail at P.O. Box 612606, Dallas, Texas 75261-2606, by telephone at 972-281-1522 or by e-mail at stockholders@kcc.com.

PROPOSAL 1. ELECTION OF DIRECTORS

General Information

The Board of Directors is divided into three classes, as required by the Corporation's Restated Certificate of Incorporation (the Charter). Directors of one class are elected each year for a term of three years. As of the date of this proxy statement, the Board of Directors consists of twelve members, including Abelardo E. Bru who was elected to the Board by the Board of Directors effective as of September 1, 2005 and John R. Alm who was elected to the Board by the Board of Directors effective as of February 22, 2006. Four of the directors have terms which expire at this year's Annual Meeting (Class of 2006), four have terms which expire at the 2007 Annual Meeting (Class of 2007) and four have terms which expire at the 2008 Annual Meeting (Class of 2008).

The four nominees for director set forth on the following pages are proposed to be elected at this year's Annual Meeting to serve for a term to expire at the 2009 Annual Meeting of Stockholders (Class of 2009) and until their successors are elected and have qualified. Should any nominee become unable to serve, proxies may be voted for another person designated by management. All nominees have advised the Corporation that they will serve if elected. The remaining eight directors will continue to serve as directors for the terms set forth on the following pages.

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Certain Information Regarding Directors and Nominees

The names of the nominees for the Class of 2009 and of the other directors continuing in office, their ages as of the date of the Annual Meeting, the year each first became a director, their principal occupations during at least the past five years, other directorships held by each as of March 1, 2006 and certain other biographical information are set forth on the following pages by Class, in the order of the next Class to stand for election.

**NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS
For a Three-Year Term Expiring at the
2009 Annual Meeting of Stockholders
(Class of 2009)**

Dennis R. Beresford, 67, *Director since 2002*

Ernst & Young Executive Professor of Accounting, University of Georgia

Mr. Beresford has served as Ernst & Young Executive Professor of Accounting at the J.M. Tull School of Accounting, Terry College of Business, University of Georgia since 1997. From 1987 to 1997, he served as the Chairman of the Financial Accounting Standards Board. Prior to that, Mr. Beresford held various positions at the accounting firm of Ernst & Young. He serves on the board of directors and audit committee of Legg Mason, Inc.

Abelardo E. Bru, 57, *Director since 2005*

Retired Vice Chairman, PepsiCo, Inc.

Mr. Bru retired as Vice Chairman of PepsiCo, a food and beverage company, in 2005. He joined PepsiCo in 1976. Mr. Bru served from 1999 to 2003 as President and Chief Executive Officer and in 2003 to 2004 as Chief Executive Officer and Chairman of Frito-Lay Inc., a division of PepsiCo. Prior to leading Frito-Lay, Mr. Bru led PepsiCo's largest international business, Sabritas Mexico, as President and General Manager from 1992 to 1999. Mr. Bru is a member of the board of directors of Office Depot Inc. and the Education is Freedom Foundation.

Thomas J. Falk, 47, *Director since 1999*

Chairman of the Board and Chief Executive Officer

Mr. Falk was elected Chairman of the Board and Chief Executive Officer of the Corporation in 2003 and President and Chief Executive Officer in 2002. Prior to that, he served as President and Chief Operating Officer since 1999. Mr. Falk previously had been elected Group President-Global Tissue, Pulp and Paper in 1998, where he was responsible for the Corporation's global tissue businesses. Earlier in his career, Mr. Falk had responsibility for the Corporation's North American Infant Care, Child Care and Wet Wipes businesses. Mr. Falk joined the Corporation in 1983 and has held other senior management positions in the Corporation. He also serves on the board of directors of Centex Corporation, Grocery Manufacturers of America, Inc. and the University of Wisconsin Foundation, and serves as a governor of the Boys & Girls Clubs of America.

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Mae C. Jemison, M.D., 49, *Director since 2002*

President, BioSentient Corporation

Dr. Jemison is founder and President of The Jemison Group, Inc., a technology consulting company, and BioSentient Corporation, a medical devices company. She chairs The Earth We Share international science camp. Dr. Jemison served as a professor of Environmental Studies at Dartmouth College from 1995 to 2002. From 1987 to 1993, she served as a National Aeronautics and Space Administration (NASA) astronaut. Dr. Jemison serves on the board of directors of Scholastic Corporation, Valspar Corporation, Gen-Probe Incorporated and The Dorothy Jemison Foundation for Excellence and is a member of the National Academy of Sciences Institute of Medicine.

MEMBERS OF THE BOARD OF DIRECTORS CONTINUING IN OFFICE
Term Expiring at the
2007 Annual Meeting of Stockholders
(Class of 2007)

Pastora San Juan Cafferty, 65, *Director since 1976*

Professor Emerita, University of Chicago

Ms. Cafferty has served since 2005 as a Professor Emerita at the University of Chicago's School of Social Service Administration where she had been a member of the faculty since 1971. Ms. Cafferty is a director of Harris Financial Corp. (formerly Bankmont Financial Corp.), a private company, Waste Management, Inc. and the Peoples Energy Corporation and its subsidiaries, and a trustee of the Lyric Opera Association and Rush-Presbyterian-St. Luke's Medical Center in Chicago.

Claudio X. Gonzalez, 71, *Director since 1976*

Chairman of the Board and Managing Director, Kimberly-Clark de Mexico, S.A. de C.V.

Mr. Gonzalez has served as Chairman of the Board and Managing Director of Kimberly-Clark de Mexico, S.A. de C.V., an equity company of the Corporation, since 1973. He was employed by the Corporation in 1956 and by Kimberly-Clark de Mexico, S.A., the predecessor of Kimberly-Clark de Mexico, S.A. de C.V., in 1957. Mr. Gonzalez is a director of Kellogg Company, General Electric Company, The Investment Company of America, Home Depot Inc., The Mexico Fund, Grupo ALFA, Grupo Carso, Grupo Mexico, Grupo Televisa and America Movil.

Linda Johnson Rice, 48, *Director since 1995*

President and Chief Executive Officer, Johnson Publishing Company, Inc.

Mrs. Johnson Rice has been President and Chief Executive Officer of Johnson Publishing Company, Inc., a multi-media company, since 2002. She joined that company in 1980, became Vice President in 1985 and was elected President and Chief Operating Officer in 1987. Mrs. Johnson Rice is a director of Bausch & Lomb Incorporated, MoneyGram International, Inc. and Omnicom Group, Inc.

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Marc J. Shapiro, 58, Director since 2001

Retired Vice Chairman, J. P. Morgan Chase & Co.

Mr. Shapiro retired in 2003 as Vice Chairman of J. P. Morgan Chase & Co., a financial services company. Before becoming Vice Chairman of J. P. Morgan Chase & Co. in 1997, Mr. Shapiro was Chairman, President and Chief Executive Officer of Chase Bank of Texas, a wholly-owned subsidiary of J. P. Morgan Chase & Co., from 1989 until 1997. He now serves as a consultant to J. P. Morgan Chase & Co. as a non-executive Chairman of its Texas operations. Mr. Shapiro is a member of the board of directors of Burlington Northern Santa Fe Corporation and a trustee of Weingarten Realty Investors. He also serves on the boards of M.D. Anderson Cancer Center, Baylor College of Medicine, the Hobby Center for the Performing Arts, Rice University and BioHouston.

**Term Expiring at the
2008 Annual Meeting of Stockholders
(Class of 2008)**

John R. Alm, 60, Director since February 2006

Retired President and Chief Executive Officer, Coca-Cola Enterprises Inc.

Mr. Alm retired as President and Chief Executive Officer of Coca-Cola Enterprises Inc., a beverage company, in December 2005. He had been Chief Executive Officer since January 2004 and President and Chief Operating Officer since January 2000. Mr. Alm joined Coca-Cola Enterprises Inc. in 1992 and held numerous other senior management positions until his retirement. He is a member of the board of directors of Washington Group International, Inc.

John F. Bergstrom, 59, Director since 1987

Chairman and Chief Executive Officer, Bergstrom Corporation

Mr. Bergstrom has served as Chairman and Chief Executive Officer of Bergstrom Corporation, Neenah, Wisconsin, for more than the past five years. Bergstrom Corporation owns and operates automobile sales and leasing businesses and a credit life insurance company in Wisconsin. Mr. Bergstrom is a director of the Wisconsin Energy Corporation and its wholly-owned subsidiary Wisconsin Electric Power Company, Sensient Technologies Corp., Banta Corporation, and Midwest Air Group, Inc. He also is a member of the board of trustees of Marquette University and the Theda Clark Hospital Foundation.

Robert W. Decherd, 55, Director since 1996

Chairman of the Board, President and Chief Executive Officer, Belo Corp.

Mr. Decherd has served as Chairman of the Board and Chief Executive Officer of Belo Corp., a broadcasting and publishing company, since 1987. Mr. Decherd became President of that company in 1994, and previously served as President from 1985 through 1986. He has been a director of Belo Corp. since 1976. Mr. Decherd is a member of the Advisory Council for the Harvard University Center for Ethics and the Professions, and serves on the Media Security and Reliability Council as part of President Bush's Homeland Security initiative. He is co-chair of the Dallas Chief Executive Officer Roundtable.

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G. Craig Sullivan, 66, Director since 2004

Retired Chairman and Chief Executive Officer, The Clorox Company

Mr. Sullivan retired as Chairman and Chief Executive Officer of The Clorox Company, a consumer products company, in December 2003. He joined The Clorox Company in 1971 and held a number of senior sales and management positions during his career, culminating in his election as Chief Executive Officer and Chairman of the Board in 1992. Mr. Sullivan also serves as a director of Mattel, Inc. In addition, he is a director of The American Ireland Fund, and serves on the capital campaign committee for St. Anthony's Foundation in San Francisco.

Compensation of Directors

The Corporation's objectives for director compensation are to remain competitive with the compensation paid to directors of comparable companies, to keep pace with changes in best corporate governance practices in such compensation, and to reinforce the Corporation's practices of encouraging stock ownership. In 2003, the Nominating and Corporate Governance Committee recommended to the Board the current director compensation policies following its determination that the policy met these objectives. The current policies have been in place for calendar years 2004 and 2005, and are expected to be the same for 2006.

In 2005, directors who were not officers or employees of the Corporation or any of its subsidiaries, affiliates or equity companies (Outside Directors) received (1) an annual cash retainer of \$70,000 payable pro rata quarterly in advance and (2) a grant of 2,000 restricted share units. Outside Directors who join the Board during a calendar year receive a pro-rated portion of the annual retainer and grant of restricted share units. Outside Directors who were also chairmen of the Audit Committee, Management Development and Compensation Committee or Nominating and Corporate Governance Committee on January 3, 2005 each received an additional grant of 300 restricted share units, and the Lead Director received an additional grant of 500 restricted share units. In addition, the Corporation reimbursed Outside Directors for expenses incurred as a result of attending Board or committee meetings.

Other than the cash retainer, grants of restricted share units, dividends on restricted share units and participation in the programs described above, no Outside Director received any other compensation or perquisites from the Corporation for services as a director in 2005.

Restricted share units are not shares of common stock of the Corporation. Rather, restricted share units represent the right to receive an amount, payable in shares of common stock of the Corporation, equal to the value of a specified number of shares of common stock of the Corporation within 90 days following the restricted period. The restricted period for the restricted share units begins on the date of grant and expires on the date the Outside Director retires from or otherwise terminates service on the Board. During the restricted period, (1) restricted share units may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or otherwise encumbered and (2) Outside Directors are credited with dividends, equivalent in value to those declared and paid on shares of the Corporation's common stock, on all restricted share units granted to them.

The aggregate value of the compensation paid to each Outside Director in 2005, based on the closing price of the Corporation's common stock on the date of grants of restricted share units and the payment dates of dividends on restricted share units, was: Mr. Beresford (\$226,658); Mr. Bergstrom (\$206,943); Mr. Bru (\$76,787); Ms. Cafferty (\$227,207); Mr. Decherd (\$240,351); Dr. Jemison (\$206,943); Mrs. Rice (\$206,943); Mr. Shapiro (\$226,523); and Mr. Sullivan (\$201,438).

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A director who is not an Outside Director does not receive any compensation for services as a member of the Board or any committee, but is reimbursed for expenses incurred as a result of the services.

The Board of Directors unanimously recommends a vote FOR the election of the four nominees for director.

CORPORATE GOVERNANCE

Since 1996, the Corporation's By-Laws have provided that a majority of the directors be independent directors (Independent Directors). In addition, the Corporate Governance Policies adopted by the Board provide independence standards consistent with the listing standards of the New York Stock Exchange (NYSE). The relevant portions of the Corporate Governance Policies are attached as Appendix A. The nominees for director are such that immediately after the election of the nominees to the Board of Directors, a majority of all directors holding office will be Independent Directors. The Board has determined that all directors and nominees are Independent Directors, except for Thomas J. Falk and Claudio X. Gonzalez.

The Corporation's independent Board of Directors helps ensure good corporate governance and strong internal controls. The Corporation is in compliance with all corporate governance requirements of the NYSE, Securities and Exchange Commission and Sarbanes-Oxley Act of 2002.

Board of Directors and Board Committees

The Board of Directors met six times in 2005. All of the incumbent directors attended in excess of 75 percent of the total number of meetings of the Board and committees of the Board on which they served.

Although the Corporation does not have a formal policy with respect to director attendance at Annual Meetings, since 1997, all nominees and continuing directors have attended the Annual Meetings. Ten of the Corporation's directors then in office, which constituted all nominees and continuing directors, attended the Corporation's 2005 Annual Meeting.

The standing committees of the Board include the Audit Committee, Management Development and Compensation Committee, Nominating and Corporate Governance Committee and Executive Committee. In compliance with applicable NYSE corporate governance rules, the Board has adopted charters for the Audit, Management Development and Compensation, and Nominating and Corporate Governance Committees. These charters are available on the Corporation's website at www.kimberly-clark.com. Stockholders may also contact Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606 or call (972) 281-1522 to obtain copies of the charters without charge. The Audit Committee charter is also attached as Appendix B.

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The following table identifies the membership, functions, and number of meetings in 2005 of each of the standing committees:

Name of Committee and Members	Principal Functions of the Committee	Number of Meetings in 2005
AUDIT(1) Dennis R. Beresford, Chair(2) John R. Alm(3) John F. Bergstrom Mae C. Jemison, M.D.	Oversees (i) the quality and integrity of the financial statements; (ii) compliance with ethical policies contained in the Code of Conduct, and legal and regulatory requirements; (iii) the independence, qualification and performance of the Corporation's independent auditors; and (iv) the performance of the Corporation's internal auditors Selects, subject to stockholder approval, and engages and oversees the work of the Corporation's independent auditors Reviews the scope of the audits and audit findings, including any comments or recommendations of the Corporation's independent auditors Establishes policy in connection with internal audit programs Pre-approves all audit and non-audit services provided by the independent auditors Reviews risk assessment and management policies	9
MANAGEMENT DEVELOPMENT AND COMPENSATION(4) Marc J. Shapiro, Chair Abelardo E. Bru(5) Pastora San Juan Cafferty G. Craig Sullivan	Establishes and administers the policies governing annual compensation and long-term compensation, including stock option awards, restricted share awards and restricted share unit awards Oversees (i) leadership development for senior management and future senior management candidates; and (ii) key organizational effectiveness and engagement policies Reviews diversity programs and key metrics	6

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Name of Committee and Members	Principal Functions of the Committee	Number of Meetings in 2005
<p>NOMINATING AND CORPORATE GOVERNANCE(6)</p> <p>Linda Johnson Rice, Chair Abelardo E. Bru(5) Pastora San Juan Cafferty(7) G. Craig Sullivan</p>	<p>Oversees the process by which individuals are nominated to become Board members</p> <p>Oversees matters of corporate governance, including developing and recommending to the Board changes to Corporate Governance Policies</p> <p>Advises the Board on (i) Board organization, membership, function, performance and compensation; (ii) committee structure and membership; and (iii) policies and positions regarding significant stockholder relations issues</p> <p>Reviews director independence standards and makes recommendations to the Board with respect to the determination of independence of directors</p> <p>Monitors and recommends improvements to the practices and procedures of the Board</p> <p>Reviews stockholder proposals and considers responses or actions with respect to such proposals</p>	5
<p>EXECUTIVE</p> <p>Robert W. Decherd, Chair John F. Bergstrom Thomas J. Falk Claudio X. Gonzalez</p>	<p>Exercises all the powers of the Board to direct the business and affairs of the Corporation between meetings of the Board</p>	4(8)

- (1) Each Audit Committee member is an Independent Director and satisfies the financial literacy requirements of the NYSE.
- (2) The Board has determined that Mr. Beresford satisfies the requirements for an audit committee financial expert under the rules and regulations of the Securities and Exchange Commission. Mr. Beresford participated in two additional conference calls as Chairman of the Audit Committee to preview earnings press releases during 2005.
- (3) Mr. Alm was appointed a member of the Audit Committee effective as of February 22, 2006.
- (4) Each Management Development and Compensation Committee member is an Independent Director.
- (5) Mr. Bru was appointed a member of the Management Development & Compensation Committee and the Nominating and Corporate Governance Committee effective September 15, 2005.

- (6) Each Nominating and Corporate Governance Committee member is an Independent Director.
- (7) Ms. Cafferty was the Chairman of the Nominating and Corporate Governance Committee through April 27, 2005. Mrs. Johnson Rice succeeded her in that position on April 28, 2005.
- (8) Includes three actions taken during 2005 by unanimous written consent of the Executive Committee on matters that previously had been reviewed by the Board.

Director Nominee Criteria and Process

The Board of Directors is responsible for approving candidates for Board membership. The Board has delegated the screening and recruitment process to the Nominating and Corporate

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Governance Committee, in consultation with the Chairman of the Board and Chief Executive Officer. The Nominating and Corporate Governance Committee believes that the criteria for director nominees should ensure effective corporate governance, support the Corporation's strategies and businesses, account for individual director attributes and the effect of the overall mix of those attributes on the Board's effectiveness, and support the successful recruitment of qualified candidates for the Board.

Qualified candidates for director are those who, in the judgment of the Nominating and Corporate Governance Committee, possess all of the personal attributes and a sufficient mix of the experience attributes described below to assure effective service on the Board. Personal attributes of a Board candidate considered by the Nominating and Corporate Governance Committee include: leadership, ethical nature, contributing nature, independence, interpersonal skills, and effectiveness. Experience attributes of a Board candidate considered by the Nominating and Corporate Governance Committee include: financial acumen, general business experience, industry knowledge, diversity of view points, special business experience and expertise.

The Nominating and Corporate Governance Committee may receive recommendations for Board candidates from various sources, including the Corporation's directors, management and stockholders.

The Corporate Secretary's office, at the request of the Nominating and Corporate Governance Committee, researches the qualifications of recommended candidates and reports its findings to the Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee periodically evaluates the qualifications of recommended Board candidates.

When a vacancy occurs on the Board, the Nominating and Corporate Governance Committee recommends to the Board a nominee to fill the vacancy. As provided in the Corporation's Charter, the Board elects a new director when a vacancy occurs between Annual Meetings of Stockholders. The Nominating and Corporate Governance Committee also annually evaluates and recommends to the Board nominees for election as directors at the Corporation's Annual Meeting of Stockholders.

The Nominating and Corporate Governance Committee has retained a search firm to assist the Committee in identifying and recruiting director candidates meeting the criteria specified by the Committee.

Stockholder Nominations for Directors

The Nominating and Corporate Governance Committee considers nominees recommended by stockholders as candidates for election to the Board of Directors. A stockholder wishing to nominate a candidate for election to the Board at the Annual Meeting is required to give written notice to the Secretary of the Corporation of his or her intention to make a nomination. The notice of nomination must be received by the Corporation not less than 50 days nor more than 75 days prior to the stockholders' meeting, or if the Corporation gives less than 60 days notice of the meeting date, the notice of nomination must be received within 10 days after the meeting date is announced. The notice of nomination is required to contain information about both the nominee and the stockholder making the nomination, including information sufficient to allow the Nominating and Corporate Governance Committee to determine if the candidate meets the criteria for Board membership described above. The Corporation may require that the proposed nominee furnish other information to determine that person's eligibility to serve as a director. A nomination that does not comply with the above procedure will not be considered for presentation at the Annual Meeting, but will be considered by the Nominating and Corporate Governance Committee for any vacancies arising on the Board between Annual Meetings in accordance with the process described above in Director Nominee Criteria and Process.

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Stockholder Communications to Directors

The Board of Directors has established a process by which interested stockholders may communicate with the Board. That process can be found at www.kimberly-clark.com.

Stockholders may send written correspondence to the Board in the care of the Lead Director:

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

Other Corporate Governance Matters

Corporate Governance Policies. The Board of Directors adopted Corporate Governance Policies in 1994, which have been amended from time to time in accordance with changes in rules and regulations and developing governance practices. These policies guide the Corporation and the Board on matters of corporate governance, including director responsibilities, Board committees and their charters, director independence, director qualifications, director compensation and evaluations, director orientation and education, director access to management, Board access to outside financial, business and legal advisors, and management development and succession planning. These policies are available on the Corporation's website at www.kimberly-clark.com. Stockholders may also contact Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606 or call (972) 281-1522 to obtain a copy of the policies without charge.

Code of Conduct. The Corporation has a Code of Conduct that applies to all of the Corporation's directors, executive officers and employees, including the chief executive officer, chief financial officer, and the principal accounting officer and controller. The Code of Conduct is available on the Corporation's website at www.kimberly-clark.com. Stockholders may also contact Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606 or call (972) 281-1522 to obtain a copy of the Code of Conduct without charge.

Lead Director. Mr. Decherd served as Lead Director in 2005. The Lead Director chairs executive session meetings of non-management directors and serves as Chairman of the Executive Committee, among other responsibilities. The non-management directors are scheduled to meet in executive session without the presence of management at least quarterly.

Committee Authority to Retain Independent Advisors. Each of the Audit, Management Development and Compensation, and Nominating and Corporate Governance Committees has the authority to retain independent advisors and consultants, with all fees and expenses to be paid by the Corporation.

Whistleblower Procedures. The Audit Committee has established procedures for (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (2) the confidential and anonymous submission by the Corporation's employees and others of concerns regarding questionable accounting or auditing matters. These procedures are available on the Corporation's website at www.kimberly-clark.com. In 2005, the Corporation introduced a toll-free, around-the-clock Code of Conduct Line which allows employees and others to voice their concerns anonymously. Information on how to access the line is available on the Corporation's website at www.kimberly-clark.com.

Chief Compliance Officer. Ronald D. Mc Cray is the Senior Vice President - Law and Government Affairs and Chief Compliance Officer of the Corporation. The Chief Compliance Officer oversees the Corporation's compliance program, reports to the Audit Committee on the program's effectiveness, provides periodic reports to the Board, and works closely with various compliance functions to provide coordination and sharing of best practices across the compliance groups.

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Disclosure Committee. The Corporation has established a disclosure committee composed of members of management to assist the Corporation in fulfilling its obligations to maintain disclosure controls and procedures, and to coordinate and oversee the process of preparing the Corporation's periodic securities filings.

No Executive Loans. The Corporation does not extend loans to executive officers or directors and has no such loans outstanding.

Stockholder Rights Plan. The Board has adopted the following policy statement on stockholder rights plans:

Kimberly-Clark does not have a poison pill or stockholder rights plan. If Kimberly-Clark were to adopt a stockholder rights plan, the Board would seek prior stockholder approval of the plan unless, due to timing constraints or other reasons, a majority of independent directors of the Board determines that it would be in the best interests of stockholders to adopt a plan before obtaining stockholder approval. If a stockholder rights plan is adopted without prior stockholder approval, the plan must either be ratified by stockholders or must expire, without being renewed or replaced, within one year. The Nominating and Corporate Governance Committee shall review this policy statement periodically and report to the Board on any recommendations it may have concerning the policy.

Charitable Contributions. The Nominating and Corporate Governance Committee has adopted guidelines for the review and approval of charitable contributions by the Corporation or any foundation controlled by the Corporation to organizations or entities of which a member of the Board of Directors or an executive officer is or may be affiliated.

PROPOSAL 2. APPROVAL OF AUDITORS

The Audit Committee of the Board of Directors has selected Deloitte & Touche LLP as the independent registered public accounting firm to audit the financial statements of the Corporation for 2006, subject to ratification by the stockholders. If the stockholders do not approve the selection of Deloitte & Touche LLP, the selection of other independent auditors will be considered by the Audit Committee. Deloitte & Touche LLP have been the independent auditors for the Corporation since 1928.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so, and will be available to respond to questions.

Principal Accounting Firm Fees

The aggregate fees (excluding value added taxes) billed to the Corporation and its subsidiaries for the fiscal years ended December 31, 2005 and 2004 by the Corporation's principal accounting

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firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte), were:

	2005	2004
Audit Fees(a)	\$8,616,000	\$8,677,000
Audit-Related Fees(b)	769,000	2,266,000
Tax Fees(c)	2,502,000	3,678,000
All Other Fees	0	0

- (a) Includes fees for statutory audits, comfort letters, attest services, consents, assistance with and review of Securities and Exchange Commission filings and other related matters. These fees include an audit of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.
- (b) 2005 fees include work with respect to employee benefit plans, due diligence assistance and other matters. 2004 fees include \$1,501,000 for work related to the Neenah Paper, Inc. spin-off.
- (c) Includes fees for expatriate tax compliance of \$1,476,000 in 2005 and \$2,288,000 in 2004. During 2005, expatriate tax work was transferred to another accounting firm.

Audit Committee Approval of Audit and Non-Audit Services

All audit and non-audit services provided by Deloitte to the Corporation must be pre-approved by the Audit Committee. The Audit Committee utilizes the following procedures in pre-approving all audit and non-audit services provided by Deloitte. At or before the first meeting of the Audit Committee each year, the Corporation's Vice President and Controller prepares a detailed memorandum outlin