

KIMBERLY CLARK CORP

Form PRE 14A

February 23, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
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:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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March 14, 2007

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 26, 2007, at 11:00 a.m. at the Dallas Marriott Las Colinas, which is located at 223 West Las Colinas Boulevard, Irving, Texas.

At the Annual Meeting, stockholders will be asked to elect three directors for a three-year term, approve the selection of the Corporation's independent auditors, approve a proposal regarding the annual election of directors and vote on three 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 26, 2007

The Annual Meeting of Stockholders of KIMBERLY-CLARK CORPORATION will be held at the Dallas Marriott Las Colinas, which is located at 223 West Las Colinas Boulevard, Irving, Texas, on Thursday, April 26, 2007, at 11:00 a.m. for the following purposes:

1. To elect three directors for a three-year term to expire at the 2010 Annual Meeting of Stockholders;
2. To approve the selection of Deloitte & Touche LLP as our independent auditors;
3. To approve a proposal to amend the Certificate of Incorporation to permit the annual election of directors;
4. To vote on three stockholder proposals which may be presented at the meeting; and
5. 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 26, 2007 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 shares of Kimberly-Clark common stock that are held by the trustees of our 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, 2007

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March 14, 2007

PROXY STATEMENT
PART ONE
VOTING INFORMATION

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 26, 2007 and at any adjournment of the Annual Meeting. We are first mailing this proxy statement and the accompanying proxy to holders of Kimberly-Clark common stock on March 14, 2007.

Who May Vote

Each stockholder of record at the close of business on February 26, 2007 will be entitled to one vote for each share registered in the stockholder's name. As of that date, there were outstanding [] shares of our common stock.

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 our independent auditors, for approval of the proposal for annual election of directors 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 our 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, we 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

we may contact them and request they do so.

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Costs of Solicitation

Kimberly-Clark 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 our employees. We have 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 our common stock, present in person or represented by proxy, will constitute a quorum for purposes of the Annual Meeting. The three nominees for director receiving a plurality of the votes cast at the meeting in person or by proxy shall be elected, subject to the Board's existing policy regarding resignations by directors who do not receive a majority of for votes. The proposed amendment to the company's certificate of incorporation described below in Proposal 3 requires for approval the favorable vote of a majority of shares outstanding as of the record date. All other matters require for approval the favorable vote of a majority of votes cast on the applicable matter at the meeting in person or by proxy. Abstentions are treated as votes against a proposal and broker non-votes will not be considered present and entitled to vote. Generally, a broker non-vote occurs on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner of the shares, and instructions are not given.

Dividend Reinvestment and Stock Purchase Plan

If a stockholder is a participant in our 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

We also are sending this proxy statement and voting materials to participants in various Kimberly-Clark employee benefit and stock purchase plans. The trustee of each plan, as the stockholder of record of the shares of our common stock 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 our 2006 Annual Report are available in the Investors section of 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 us the cost of producing and mailing documents to your home or business and gives you an automatic link to the proxy voting site. Stockholders may enroll to receive proxy materials online as follows:

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.computershare.com/us/ecomms anytime and follow the instructions.

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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 our 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 our Annual Meeting, we are 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 our 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.

**PART TWO
CORPORATE GOVERNANCE INFORMATION**

Board of Directors and Board Committees

The Board of Directors met six times in 2006. 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 we do 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. Twelve of our directors, which constituted all nominees and continuing directors, attended the 2006 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 New York Stock Exchange (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 in the Investors section of our 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 paper copies of the charters without charge.

Audit Committee

Dennis R. Beresford is the Chairman of our Audit Committee. The other members of the Audit Committee are John R. Alm, John F. Bergstrom, and Mae C. Jemison, M.D. The Committee met eight

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times in 2006. In addition, Mr. Beresford participated in three additional conference calls as Chairman of the Committee to preview earnings press releases during 2006.

Each member of the Audit Committee is an Independent Director under the independence standards set forth in our Corporate Governance Policies. See [Director Independence](#) below for additional information on Independent Directors.

Each member of the Audit Committee satisfies the financial literacy requirements of the NYSE, and the Board has determined that Mr. Beresford is an [audit committee financial expert](#) under the rules and regulations of the Securities and Exchange Commission ([SEC](#)).

The principal functions of the Audit Committee, as specified in its charter, include the following:

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 our independent auditors; and (iv) the performance of our internal auditors.

Subject to stockholder approval, selects and engages our independent auditors.

Reviews the scope of the audits and audit findings, including any comments or recommendations of our 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.

For additional information about the Audit Committee's oversight activities in 2006, see the Audit Committee Report in Part Four of this proxy statement.

Management Development and Compensation Committee

Marc J. Shapiro is the Chairman of our Management Development and Compensation Committee. The other members of this Committee are Abelardo E. Bru, Pastora San Juan Cafferty, James M. Jenness, and G. Craig Sullivan. Mr. Jenness was appointed to this Committee as of February 1, 2007. The Committee met five times in 2006. Each member of this Committee is an Independent Director.

The principal functions of the Management Development and Compensation Committee, as specified in its charter, include the following:

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.

Compensation Process and Procedures

On an annual basis, the Committee reviews and sets the compensation of our elected officers, including all of our executive officers. The Committee's charter does not permit the Committee to delegate to anyone the authority to establish any compensation policies or programs for elected officers, including our executive officers. Our Chief Executive Officer has the authority to establish compensation programs for non-elected officers. Additionally, as discussed below in Part Four Executive Compensation Compensation Discussion and Analysis, the Committee has delegated limited authority to our Chief Executive Officer to grant stock options, restricted stock, and restricted share units to non-executive officers for recruiting or retention purposes.

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Our Chief Executive Officer makes a recommendation to the Committee each year on the appropriate compensation to be paid to our executive officers, excluding himself. The Committee makes the final determination of the amount of compensation to be awarded to each executive officer, including the Chief Executive Officer, based on the Committee's determination of how that compensation achieves the objectives of our compensation policies. None of our executive officers are present during the portion of the Committee's meetings when compensation for executive officers is set.

For additional information on the Committee's processes and procedures for determining executive compensation, and for a detailed discussion of our compensation policies, see Part Four Executive Compensation Compensation Discussion and Analysis below.

Use of Compensation Consultants

The Committee's charter provides that the Committee has the authority to retain advisors, including compensation consultants, to assist the Committee in its work. Both we and the Committee believe that compensation consultants can provide important market information and perspectives that can help the Committee develop compensation programs that best meet the objectives of our compensation policies.

To assist management and the Committee in assessing and determining appropriate, competitive, compensation for our executives, the Corporation annually engages an outside compensation consultant. In 2006, Mercer Human Resource Consulting was retained for this purpose. The Committee also separately retains an additional compensation consultant, independent of management, who is directed by the Committee to review the analysis and recommendations of the consultant retained by the Corporation, and advise the Committee whether such analysis and recommendations are appropriate and in line with the market and general compensation trends and consistent with our compensation objectives. In 2006, the Committee retained The Delves Group as its independent compensation consultant. The Delves Group had no other business relationship with the Corporation and received no payments from us other than fees for services to the Committee.

Committee Report

The Committee has reviewed the Compensation Discussion and Analysis section of this proxy statement and has recommended that it be included in this proxy statement. The Committee's report is located below at Part Four Executive Compensation Management Development and Compensation Committee Report.

Nominating and Corporate Governance Committee

Linda Johnson Rice is the Chairman of our Nominating and Corporate Governance Committee. The other members of this Committee are Abelardo E. Bru, Pastora San Juan Cafferty, James M. Jenness, and G. Craig Sullivan. Mr. Jenness was appointed to this Committee as of February 1, 2007. The Committee met four times in 2006. Each member of this Committee is an Independent Director.

The principal functions of the Nominating and Corporate Governance Committee, as specified in its charter, include the following:

Oversees the process by which individuals are nominated to become Board members.

Oversees matters of corporate governance, including developing and recommending to the Board changes to Corporate Governance Policies.

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.

Reviews director independence standards and makes recommendations to the Board with respect to the determination of independence of directors.

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Monitors and recommends improvements to the practices and procedures of the Board.

Reviews stockholder proposals and considers responses or actions with respect to such proposals.

The Nominating and Corporate Governance Committee, in accordance with its charter and our Certificate of Incorporation, has established criteria and processes for director nominees, including nominations proposed by stockholders. Those criteria and processes are described below in Director Nominee Criteria and Process and Stockholder Nominations for Directors.

Executive Committee

Robert W. Dechard is our Lead Director and is the Chairman of the Executive Committee. The other members of this Committee are John F. Bergstrom, Thomas J. Falk, and Claudio X. Gonzalez. In 2006, the Executive Committee did not meet and took action by unanimous written consent once with respect to the approval of two subsequent phase projects under our Strategic Cost Reduction Plan pursuant to authority delegated to the Committee by the Board in July 2005.

The principal function of this Committee is to exercise the powers of the Board to direct our business and affairs between meetings of the Board.

Compensation Committee Interlocks and Insider Participation

During 2006, the following directors served as members of the Management Development and Compensation Committee of our Board: Abelardo E. Bru, Pastora San Juan Cafferty, Marc J. Shapiro and G. Craig Sullivan.

Thomas J. Falk, our Chairman of the Board and Chief Executive Officer, served as a member of the Compensation Committee of the Board of Directors of Kimberly-Clark de Mexico, S.A.B. de C.V. Claudio X. Gonzalez, Chairman of the Board and Managing Director of Kimberly-Clark de Mexico, S.A.B. de C.V., served as a member of our Board in 2006.

Director Independence

Since 1996, our By-Laws have provided that a majority of our directors be independent directors (Independent Directors). In addition, our Corporate Governance Policies adopted by the Board provide independence standards consistent with the rules and regulations of the SEC and the listing standards of the NYSE. Our Corporate Governance Policies are available in the Investors section of our website at www.kimberly-clark.com.

The nominees for director are such that immediately after the election of the nominees to the Board, a majority of all directors holding office will be Independent Directors. Our independent Board helps ensure good corporate governance and strong internal controls. We are in compliance with all corporate governance requirements of the NYSE, the SEC and the Sarbanes-Oxley Act of 2002.

The Board has determined that all directors and nominees are Independent Directors, except for Thomas J. Falk and Claudio X. Gonzalez. When making these determinations, the Board considered the following:

We made charitable contributions of (i) \$162,000 in 2004, \$237,500 in 2005, and \$275,000 in 2006 to the Fox Cities Performing Arts Center in Appleton, Wisconsin, where Mr. Bergstrom is a director, and (ii) \$290,000 in 2004, and \$400,000 in each of 2005 and 2006 to Marquette University, where Mr. Bergstrom is a trustee. Each

of these contributions was below the amounts established by the NYSE and our Corporate Governance Policies as potentially affecting a director's independence. We have significant company operations and a significant number of employees in the Fox Cities area.

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Companies majority owned by Mr. Bergstrom paid to us approximately (i) \$55,000 in 2004, and \$58,000 in each of 2005 and 2006 to lease excess hangar space at an airport near Appleton, Wisconsin, and (ii) approximately \$123,000 in 2004, \$128,000 in 2005, and \$133,000 in 2006 for pilot services pursuant to a pilot sharing contract for incremental costs related to using our pilots for their corporate aircraft.

We paid approximately \$15,000 in 2004, \$34,000 in 2005, and \$8,000 in 2006 for automobile and related services to car dealerships in the Neenah, Wisconsin area that are majority owned by Mr. Bergstrom.

We paid approximately \$194,000 in 2004, \$50,000 in 2005, and \$53,000 in 2006 for advertising to entities owned directly or indirectly by Belo Corp., where Mr. Decherd is Chairman, President and Chief Executive Officer. This advertising was placed in accordance with our advertising agencies' independent recommendations, and not at the request or direction of management.

We made charitable contributions of \$5,000 in 2004, and \$1,000 in each of 2005 and 2006 to the Dorothy Jemison Foundation for Excellence, where Dr. Jemison is a director.

We paid \$550,000 in each of 2004 and 2005, and \$343,000 in 2006 for advertising to entities owned directly or indirectly by Johnson Publishing Company, where Ms. Johnson Rice is President and Chief Executive Officer. This advertising was placed in accordance with our advertising agencies' independent recommendations, and not at the request or direction of management.

We paid approximately \$306,000 in 2004, \$746,000 in 2005, and \$1,133,000 in 2006 to JPMorgan Chase & Co. (JPMC) for investment banking services. Mr. Shapiro serves as a consultant to JPMC and as non-executive chairman of its Texas operations. We do not believe his relationship with JPMC gives him a direct or indirect material interest in our transactions with JPMC.

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 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 our 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 viewpoints, special business experience and expertise.

The Nominating and Corporate Governance Committee may receive recommendations for Board candidates from various sources, including our directors, management and stockholders. In addition, 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.

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 Certificate of Incorporation, 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 our Annual Meeting of Stockholders.

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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 us not less than 50 days nor more than 75 days prior to the stockholders' meeting, or if we give 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 director nominee criteria described above. We 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. If the proposed amendments to our Corporation's Certificate of Incorporation, as set forth in Proposal 3 below, are adopted at the Annual Meeting, the notice of nomination must be received by us not less than 75 days nor more than 100 days prior to the stockholders meeting, or if we give less than 75 days notice of the meeting date, the notice of nomination must be received within 10 days after the meeting date is announced.

Communications to Directors

Our Board has established a process by which stockholders and other interested parties may communicate with the Board. That process can be found in the Investors section of our website at www.kimberly-clark.com.

Stockholders and other interested parties may send written correspondence to our Board in care of our 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, which include our director independence standards, are available in the Investors section of our website at www.kimberly-clark.com. Stockholders also may contact Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606 or call (972) 281-1522 to obtain a copy of the Corporate Governance Policies without charge.

Code of Conduct. Kimberly-Clark has a Code of Conduct that applies to all of our 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 in the Investors section of our website at www.kimberly-clark.com.

Stockholders also may 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.

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Lead Director. Mr. Decherd served as Lead Director in 2006. 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 we receive regarding accounting, internal accounting controls or auditing matters, and (2) the confidential and anonymous submission by our employees and others of concerns regarding questionable accounting or auditing matters. We also maintain a toll-free, around-the-clock Code of Conduct Line which allows our employees and others to voice their concerns anonymously. The whistleblower procedures and information on how to access the line is available in the Investors section of our 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, overseeing our compliance program. He 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.

Disclosure Committee. We have established a disclosure committee composed of members of management to assist in fulfilling our obligations to maintain disclosure controls and procedures, and to coordinate and oversee the process of preparing our periodic securities filings with the SEC.

No Executive Loans. We do not extend loans to our executive officers or directors and do not have any 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.

Annual Election of Directors. The Board has recommended to stockholders that directors be elected on an annual basis instead of for staggered terms of three years each. To effect this change, a majority of the shares outstanding must vote in favor. See Proposal 3 below.

Majority Voting for Election of Directors. In September 2006, the Board amended the Corporation's By-Laws to provide that, in uncontested elections, directors will be elected by a majority vote rather than by a plurality. If an incumbent director does not receive a majority of votes, the director is required to tender his or her resignation for consideration by the Board. Our By-Laws are available in the Investors section of our website at www.kimberly-clark.com.

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

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**PART THREE
PROPOSALS TO BE VOTED ON**

PROPOSAL 1. ELECTION OF DIRECTORS

General Information

The Board of Directors is divided into three classes, as required by our 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 thirteen members, including James M. Jenness who was elected to the Board by the Board of Directors as of February 1, 2007. Five of the directors have terms which expire at this year's Annual Meeting (Class of 2007), four have terms which expire at the 2008 Annual Meeting (Class of 2008) and four have terms which expire at the 2009 Annual Meeting (Class of 2009).

Proposal 3 below sets forth the recommendation of the Board to have directors elected on an annual basis instead of for three-year terms. If that proposal is approved by stockholders, then beginning with the Annual Meeting in 2008, new directors, and incumbent directors whose terms are expiring, will be elected annually for one-year terms.

The three 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 2010 Annual Meeting of Stockholders (Class of 2010) 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 us 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.

Both Pastora San Juan Cafferty and Claudio X. Gonzalez have announced that they do not intend to stand for re-election to the Board of Directors when their current terms expire at the Annual Meeting of Stockholders on April 26, 2007. Ms. Cafferty and Mr. Gonzalez will continue to serve as directors until the Annual Meeting.

Certain Information Regarding Directors and Nominees

The names of the nominees for the Class of 2010 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 February 28, 2007 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
2010 Annual Meeting of Stockholders
(Class of 2010)**

James M. Jenness, 60, Director since February 2007

Chairman of the Board, Kellogg Company

Mr. Jenness was elected Chairman of the Board of Kellogg Company in 2005. He also served as Chief Executive Officer of Kellogg from 2004 through 2006. Mr. Jenness was Chief Executive Officer of Integrated Merchandising

Systems LLC, a market leader in outsource management for retail promotion and branded merchandising, from 1997 to 2004. He served in various positions of increasing responsibility at Leo Burnett Company, Kellogg's major advertising agency partner, from 1974 to 1997, including as Vice Chairman, Chief Operating Officer and Director. He is a member of the board of directors of Grocery Manufacturers of America, Children's Memorial Hospital and the Mercy Home for Boys and Girls. He also

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serves on the DePaul University College of Commerce Advisory Council, is a member of DePaul's Board of Trustees and is co-trustee of the W. K. Kellogg Foundation Trust.