

KIMBERLY CLARK CORP

Form DEF 14A

March 20, 2009

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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):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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March 20, 2009

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

FELLOW STOCKHOLDERS:

It is my pleasure to invite you to the Annual Meeting of Stockholders of Kimberly-Clark Corporation. The meeting will be held on Thursday, April 30, 2009, 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 nine directors for a one-year term, ratify the selection of the Corporation's independent auditors, approve a proposal to amend the Corporation's Certificate of Incorporation regarding the right of holders of at least 25 percent of the Corporation's shares to call a special meeting of stockholders, reapprove the performance goals under the Corporation's 2001 Equity Participation Plan, and vote on one stockholder proposal. These matters are fully described in the accompanying Notice of Annual Meeting and proxy statement.

Your vote is important. Regardless of whether you plan to attend the meeting, I urge you to vote your shares as soon as possible. You can vote by marking and dating the enclosed proxy card, by using the Internet or by telephone. Instructions regarding all three methods of voting are contained on the proxy card.

Also enclosed is a copy of our Annual Report for 2008. I encourage you to read the Annual Report for information about your company's performance and accomplishments in 2008.

Sincerely,

Thomas J. Falk

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KIMBERLY-CLARK CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD APRIL 30, 2009

The Annual Meeting of Stockholders of Kimberly-Clark Corporation will be held at the Four Seasons Resort and Club, 4150 North MacArthur Boulevard, Irving, Texas, on Thursday, April 30, 2009, at 11:00 a.m. for the following purposes:

1. To elect as directors the nine nominees named in the accompanying proxy statement;
2. To ratify the selection of Deloitte & Touche LLP as our independent auditors for 2009;
3. To approve a proposal by the Board of Directors to amend the Amended and Restated Certificate of Incorporation to allow the holders of not less than 25 percent of the Corporation's issued and outstanding shares of capital stock to request that a special meeting of stockholders be called;
4. To reapprove the performance goals under the Corporation's 2001 Equity Participation Plan;
5. To vote on one stockholder proposal that may be presented at the meeting; and
6. To take action upon any other business that may properly come before the meeting or any adjournments of the meeting.

Stockholders of record at the close of business on March 2, 2009 are entitled to notice of and to vote at the meeting or any adjournments.

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 20, 2009

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March 20, 2009

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 30, 2009 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 or about March 20, 2009.

Who May Vote

Each stockholder of record at the close of business on March 2, 2009 will be entitled to one vote for each share registered in the stockholder's name. On that date, 413,997,443 shares of our common stock were outstanding.

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 ratification of the selection of our independent auditors, for approval of the proposal to amend the Corporation's Amended and Restated Certificate of Incorporation regarding the right of holders of at least 25 percent of the Corporation's issued and outstanding shares of capital stock to call a special meeting of stockholders, for reapproval of the performance goals under the 2001 Equity Participation Plan, and against approval of the stockholder proposal.

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 may 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 materials 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 \$16,000 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 nine nominees for director receiving a majority of the votes cast at the meeting in person or by proxy will be elected. If a nominee does not receive a majority of the votes cast, then the nominee will be 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 Corporation's Amended and Restated Certificate of Incorporation described 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.

Attending the Meeting

Stockholders as of the record date, March 2, 2009, or their duly appointed proxies, may attend the meeting. If you plan to attend the meeting, please check your proxy card in the space provided or so indicate electronically or by telephone. This will assist us with meeting preparations and will help 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.

To obtain directions to attend the meeting and vote in person, please contact Stockholder Services by telephone at (972) 281-1522 or by e-mail at stockholders@kcc.com.

Electronic Delivery of Proxy Materials and Annual Report

The Notice of Annual Meeting and proxy statement and our 2008 Annual Report are available in the Investors section of our website at www.kimberly-clark.com. Instead of receiving copies of the proxy

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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, go directly to our transfer agent's website at www.computershare.com/us/ecomms any time and follow the instructions.

Beneficial Stockholders. If your shares are not registered in your name, 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, go directly to our transfer agent's website at www.computershare.com/econsent any time and follow the instructions.

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 provide each stockholder of record a copy of the proxy statement and annual report and to arrange for a proxy statement and an annual report to be provided 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 us 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 the 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.

**Important Notice Regarding the Availability of Proxy Materials for
the Stockholder Meeting to Be Held on April 30, 2009.**

**This Proxy Statement and the 2008 Annual Report to security holders are available at
investor.kimberly-clark.com/proxy.cfm**

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and

www.kimberly-clark.com/investors/annual_reports.aspx

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**PART TWO
CORPORATE GOVERNANCE INFORMATION**

Board of Directors and Board Committees

The Board of Directors met seven times in 2008. All of the 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. All nominees and continuing directors attended the 2008 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 listing standards, 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 this Committee are John R. Alm, John F. Bergstrom, Robert W. Decherd, and Ian C. Read. The Committee met eight times in 2008. In addition, Mr. Beresford participated in four additional conference calls as Chairman of the Committee to preview earnings press releases during 2008.

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

Overseeing:

- the quality and integrity of the financial statements,
- our compliance programs,
- the independence, qualification and performance of our independent auditors, and
- the performance of our internal auditors.

Subject to stockholder ratification, selecting and engaging our independent auditors.

Reviewing the scope of the audits and audit findings, including any comments or recommendations of our independent auditors.

Establishing policy in connection with internal audit programs.

Pre-approving all audit and non-audit services provided by our independent auditors.

Reviewing risk assessment and management policies.

For additional information about the Audit Committee's oversight activities in 2008, see Part Three Proposals to be Voted on at the 2009 Annual Meeting Ratification of Auditors Audit Committee Report.

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Management Development and Compensation Committee

James M. Jenness is the Chairman of our Management Development and Compensation Committee. In addition to Mr. Jenness, the current members of this Committee are Abelardo E. Bru, Mae C. Jemison, M.D., and G. Craig Sullivan. The Committee met eight times in 2008. 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:

Establishing and administering the policies governing annual compensation and long-term compensation, including stock option awards, restricted stock awards and restricted share unit awards.

Overseeing:

leadership development for senior management and future senior management candidates, and

key organizational effectiveness and engagement policies.

Reviewing diversity programs and key metrics.

Compensation Processes 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 in Part Four Other Important Information 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.

Our Chief Executive Officer makes a recommendation to the Committee each year on the appropriate target direct annual compensation to be paid to our executive officers, excluding himself. The Committee makes the final determination of the target direct annual compensation to be awarded to each executive officer, including our Chief Executive Officer. While our Chief Executive Officer and Chief Human Resources Officer typically attend Committee meetings, none of the other executive officers is present during the portion of the Committee's meetings when compensation for executive officers is set. In addition, our Chief Executive Officer is not present during the portion of the Committee's meetings when his compensation 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 Other Important Information Executive Compensation Compensation Discussion and Analysis.

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. The Committee believes that compensation consultants can provide important market information and perspectives that can help the Committee determine compensation programs that

best meet the objectives of our compensation policies.

Corporation Consultant. To assist management and the Committee in assessing and determining appropriate, competitive compensation for our executive officers, we annually engage an outside compensation consultant. In 2008, Mercer Human Resource Consulting (Mercer) was retained for this purpose. Mercer has provided consulting services to the Corporation on a wide variety of human

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resources and compensation matters, both at the officer and non-officer levels. In 2008, Mercer was retained by the Corporation to provide advice and counsel regarding executive remuneration matters on an ongoing basis, including the following services in connection with our executive compensation program:

Assessing market compensation levels for executive officer positions and other selected positions, within the Corporation's peer groups.

Reviewing historic and projected performance for peer group companies for metrics used by the Corporation in its annual and long-term incentive plans.

Assisting in incentive plan design and modifications, as requested.

Providing market research on various issues as requested by management.

Preparing and participating in Committee meetings, as requested.

Reviewing the Compensation Discussion and Analysis and other disclosures, as requested.

Analyzing outside director compensation.

Consulting with management on compensation matters.

Independent Committee Consultant. The Committee has also retained The Delves Group as its independent executive compensation consultant. In February 2008, the Committee adopted a written policy to formalize its understanding that the independent Committee consultant may provide services only to the Committee and not to the Corporation. The Delves Group has no other business relationship with the Corporation and receives no payments from us other than fees for services to the Committee. The Delves Group reports directly to the Committee, and the Committee may replace The Delves Group or hire additional consultants at any time. The Delves Group attends Committee meetings and communicates with the Chairman of the Committee between meetings from time to time.

The Committee instructed The Delves Group to provide an independent review of the data and recommendations provided by management and Mercer. The scope of The Delves Group's engagement in 2008 included:

Conducting a review of the competitive market data (including base salary, annual incentive targets, and long-term incentive targets) for our Chief Executive Officer and his direct reports.

Reviewing and commenting on recommendations by management and Mercer concerning executive pay programs, including program changes and redesign, special awards, change in control provisions, executive contract provisions, promotions, retirement and related items, as desired by the Committee.

Reviewing and commenting on the Committee's report for the proxy statement.

Attending Committee meetings.

Periodically consulting with the Chairman of the Committee.

During 2008, Don Delves, the President of The Delves Group, attended all of the in-person Committee meetings, as well as two of the four teleconference Committee meetings, at the request of 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 at Part Four Other Important Information Executive Compensation Management Development and Compensation Committee Report.

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Nominating and Corporate Governance Committee

Linda Johnson Rice is the Chairman of our Nominating and Corporate Governance Committee. In addition to Mrs. Johnson Rice, the current members of this Committee are Abelardo E. Bru, Mae C. Jemison, M.D., and G. Craig Sullivan. The Committee met four times in 2008. 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:

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

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

Advising the Board on:

Board organization, membership, function, performance and compensation,

committee structure and membership, and

policies and positions regarding significant stockholder relations issues.

Reviewing director independence standards and making recommendations to the Board with respect to the determination of the independence of directors.

Monitoring and recommending improvements to the practices and procedures of the Board.

Reviewing stockholder proposals and considering responses or actions regarding these proposals.

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

Executive Committee

Marc J. Shapiro is the Chairman of our Executive Committee. In addition to Mr. Shapiro, the current members of this Committee are Dennis R. Beresford, Thomas J. Falk, James M. Jenness, and Linda Johnson Rice. The Committee met one time in 2008.

The principal function of the Executive 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

None of the members of the Management Development and Compensation Committee are current or former officers or employees of the Corporation. No interlocking relationship exists between the members of our Board of Directors

or the Management Development and Compensation Committee and the board of directors or compensation committee of any other company.

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, and the independence standards are set forth in Section 17 of the Corporate Governance Policies.

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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, except for Thomas J. Falk, are Independent Directors and meet the independence standards set forth in our Corporate Governance Policies. When making these determinations, the Board considered the following:

We made charitable contributions of \$275,000 in 2006, \$375,000 in 2007 and \$65,000 in 2008 to the Fox Cities Performing Arts Center in Appleton, Wisconsin, where Mr. Bergstrom is a director. These donations constituted less than five percent of the Fox Cities Performing Arts Center's gross revenues for the years in which the donations were made. We have significant operations and a significant number of employees in the Fox Cities area of Wisconsin.

We made a charitable contribution of \$1,000 in 2008 to the Theda Clark Hospital Foundation, where Mr. Bergstrom is a director.

Companies majority-owned by Mr. Bergstrom paid us approximately (i) \$58,000 in each of 2006, 2007 and 2008 to lease excess hangar space at an airport near Appleton, Wisconsin, and (ii) \$133,000 in 2006, \$150,000 in 2007 and \$172,000 in 2008 for pilot services pursuant to a pilot sharing contract for incremental costs related to using our pilots for their corporate aircraft.

We paid approximately \$8,000 in 2006, \$3,000 in 2007 and \$65,000 in 2008 for automobiles and related services to car dealerships in the Neenah, Wisconsin area that are majority-owned by Mr. Bergstrom.

We made a charitable contribution of \$50,000 in each of 2007 and 2008 to the Education is Freedom Foundation, where Mr. Bru is a director.

We paid approximately \$53,000 in 2006, \$19,000 in 2007 and \$109,000 in 2008 for advertising to entities owned directly or indirectly by Belo Corp., where Mr. Decherd was Chairman, President and Chief Executive Officer until February 2008. This advertising was placed in accordance with our advertising agencies' independent recommendations.

We paid approximately \$18,000 in 2008 for a newspaper advertisement to an entity owned directly or indirectly by A. H. Belo Corporation, where Mr. Decherd is Chairman of the Board, President and Chief Executive Officer.

We paid \$15,000 to jointly sponsor with a customer an event for, and made a charitable contribution of \$10,000 to, the Mercy Home for Boys and Girls, where Mr. Jenness is a director.

We paid approximately \$343,000 in 2006, \$507,000 in 2007 and \$395,000 in 2008 for advertising to entities owned directly or indirectly by Johnson Publishing Company, where Mrs. Johnson Rice is President and Chief Executive Officer. These payments constituted less than five percent of the gross revenues of Johnson Publishing Company for the years in which the payments were made. This advertising was placed in accordance with our advertising agencies' independent recommendations.

We made charitable contributions of \$25,000 in 2006, \$50,000 in 2007 and \$25,000 in 2008 to the United Negro College Fund, where Mrs. Johnson Rice is a director.

We paid approximately \$1,133,000 in 2006, \$734,000 in 2007, and \$697,000 in 2008 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.

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The amount involved in each of these items is less than the amounts established by the NYSE and our Corporate Governance Policies as potentially affecting a director's independence.

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 listed below to ensure effective service on the Board.

Personal Attributes

- leadership:** lead in personal and professional lives
- ethical character:** possess high standards for ethical behavior
- collaborative:** actively participate in Board and committee matters
- independence:** for non-management directors, are independent of management and the Corporation
- ability to communicate:** possess good interpersonal skills
- effectiveness:** bring a proactive and solution-oriented approach

Experience Attributes

- financial acumen:** have good knowledge of business finance and financial statements
- general business experience:** possess experience that will aid in judgments concerning business issues
- industry knowledge:** possess a reasonable knowledge about the Corporation's industries
- diversity of background and viewpoint:** bring to the Board an appropriate level of diversity
- special business experience:** possess global management experience and experience with branded consumer packaged goods
- expertise:** provide special expertise identified as needed or as may be required

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 it in identifying and recruiting director candidates meeting the criteria specified by the Committee.

The Nominating and Corporate Governance Committee recommends to the Board nominees to fill any vacancies. As provided in the Corporation's Amended and Restated 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 recommends to the Board nominees for election as directors at our annual meeting of stockholders, as well as assesses the performance of each director at least once every three years in accordance with our Corporate

Governance Policies.

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 an annual stockholders meeting is required to give written notice to the Secretary of the Corporation of his or her intention to make a nomination in accordance with the Corporation's Amended and Restated Certificate of Incorporation and By-Laws. The notice of nomination

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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. The notice of nomination is required to contain information, as set forth in the Amended and Restated Certificate of Incorporation and By-Laws, 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. The notice must also contain information about certain stock holdings of the nominee and the stockholder making the nomination, including derivative holdings, dividend rights that are separated from or separable from the underlying shares and certain performance-related fees, as well as information that would be required to be disclosed in connection with a proxy solicitation (and whether a proxy solicitation will be conducted). The notice is also required to contain information about certain related person transactions, contact and related information regarding the nominee, understandings regarding the nomination of the nominee, and the nominee's consent to be nominated. 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 requirements set forth in the Amended and Restated Certificate of Incorporation and By-Laws 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 in Director Nominee Criteria and Process.

On November 12, 2008, the Board of Directors adopted amendments to the By-Laws that require any stockholder that nominates a director or submits another proposal to disclose certain information about the stockholder and any additional interests that the stockholder may have, including any derivative positions in the Corporation's stock held by the stockholder. The amendments provide that these notice requirements will be deemed satisfied by a stockholder with respect to business other than the nomination or election of directors if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with the applicable rules and regulations of the Securities Exchange Act of 1934, as amended (Exchange Act), and the proposal has been included in the Corporation's proxy statement. The amendments do not affect, among other things, the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to the applicable rules and regulations under the Exchange Act. The amendments did not change the time periods in which a stockholder may bring business before an annual meeting or to nominate a candidate for election as a director.

Communications to Directors

The 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 the 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 compensation and performance assessments, director orientation and education,

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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.

Lead Director. The non-management directors elected Mr. Shapiro as Lead Director effective March 1, 2008. Mr. Decherd previously served as Lead Director through the end of his Lead Director term on February 29, 2008. The Lead Director chairs executive session meetings of non-management directors and serves as Chairman of the Executive Committee, among other responsibilities outlined in the Corporate Governance Policies. 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 telephone hotline that allows our employees and others to voice their concerns anonymously. The whistleblower procedures and information on how to access the hotline are available in the Investors section of our website at www.kimberly-clark.com.

Chief Compliance Officer. Thomas J. Mielke is the Senior Vice President Law and Government Affairs and Chief Compliance Officer, overseeing our compliance programs. He reports to the Audit Committee on the programs 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 of these 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.

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Annual Election of Directors. In 2007, stockholders approved an amendment to our Restated Certificate of Incorporation to provide that directors will be elected on an annual basis instead of for staggered terms of three years each. Our Amended and Restated Certificate of Incorporation is available in the Investors section of our website at www.kimberly-clark.com.

Majority Voting for Election of Directors. The Corporation's By-Laws 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.

Simple Majority Voting Provisions. In 2008, stockholders approved an amendment to our Amended and Restated Certificate of Incorporation to eliminate supermajority voting provisions.

Special Stockholder Meetings. The Board has recommended to stockholders that our Amended and Restated Certificate of Incorporation be amended to allow the holders of not less than 25 percent of the Corporation's issued and outstanding shares of capital stock to request that a special meeting of stockholders be called. To effect this change, a majority of the shares outstanding must vote in favor of this proposal. See Proposal 3 in Part Three of this proxy statement.

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.

**PART THREE
PROPOSALS TO BE VOTED ON AT THE 2009 ANNUAL MEETING**

PROPOSAL 1. ELECTION OF DIRECTORS

General Information

The Board of Directors currently is divided into two classes. As of the date of this proxy statement, the Board of Directors consists of twelve members. Nine of the directors have terms that expire at this year's Annual Meeting and three have terms that expire at the 2010 Annual Meeting.

In 2007, stockholders approved an amendment to our Restated Certificate of Incorporation to declassify the Board. Under the amendment, directors continue to serve the remainder of their elected terms and, beginning with the 2008 Annual Meeting, directors were elected annually so that by the 2010 Annual Meeting of Stockholders all directors will be elected annually.

The nine 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 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 the Board. All nominees have advised us that they will serve if elected. The term of the remaining three directors will expire at the 2010 Annual Meeting, in accordance with their previous election.

Certain Information Regarding Directors and Nominees

The names of the nominees 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

public company directorships held by each as of February 27, 2009 and certain other biographical information are set forth on the following pages by the two classes, with directors standing for election in 2009 listed first.

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NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

**For a One-Year Term Expiring at the
2010 Annual Meeting of Stockholders**

John R. Alm, 63, Director since 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 2005. He had been Chief Executive Officer since 2004 and President and Chief Operating Officer since 2000. Mr. Alm joined Coca-Cola Enterprises Inc. in 1992 and held numerous other senior management positions until his retirement.

Dennis R. Beresford, 70, 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 committees of Legg Mason, Inc. and the Federal National Mortgage Association (Fannie Mae).

John F. Bergstrom, 62, 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 based in Wisconsin. Mr. Bergstrom is a director of the Wisconsin Energy Corporation and its wholly-owned subsidiary Wisconsin Electric Power Company. He serves on the board of directors of Advance Auto Parts, Inc. He also is a member of the board of directors and chairman of the Theda Clark Hospital Foundation, and a member of the board of directors and executive committee of Green Bay Packers, Inc.

Abelardo E. Bru, 60, 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 S. C. Johnson & Son, Inc. and the Education is Freedom Foundation.

Robert W. Decherd, 58, Director since 1996

Chairman of the Board, President and Chief Executive Officer, A. H. Belo Corporation

Mr. Decherd has served as Chairman of the Board, President and Chief Executive Officer of A. H. Belo Corporation, a newspaper publishing and Internet company, since it was spun off from Belo Corp. in February 2008. Prior to February 2008, Mr. Decherd was Chief Executive Officer of Belo Corp., a broadcasting and publishing company, for 21 years. He is a director of both A. H. Belo Corporation and Belo Corp., where he is non-executive chairman. Mr. Decherd is a member of the Advisory Council for

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the Harvard University Center for Ethics and the Board of Visitors of the Columbia Graduate School of Journalism. During the past decade, he has held appointments to Presidential and Federal Communications Commission commissions concerned with public policy matters related to the television industry.

Thomas J. Falk, 50, 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 Catalyst Inc., Centex Corporation and the University of Wisconsin Foundation, and serves as a governor of the Boys & Girls Clubs of America.

Mae C. Jemison, M.D., 52, 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 and The Dorothy Jemison Foundation for Excellence and is a member of the National Academy of Sciences Institute of Medicine. She is also the Chairman of the State of Texas Product Development and Small Business Incubator Board, and she is a member of the National Advisory Council for Biomedical Imaging and Bioengineering and the Greater Houston Partnership Executive Committee.

Ian C. Read, 55, Director since 2007

Senior Vice President, Pfizer, Inc.

Mr. Read is a Senior Vice President of Pfizer, Inc., a drug manufacturer, and President of its Worldwide Pharmaceutical Operations. Mr. Read joined Pfizer in 1978 in its financial organization. He worked in Latin America through 1995, holding positions of increasing responsibility, and was appointed President of the Pfizer International Pharmaceuticals Group, Latin America/Canada in 1996. In 2000, Mr. Read was named Executive Vice President of Europe/Canada and was named a corporate Vice President in 2001.

G. Craig Sullivan, 69, 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 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., The Goodyear Tire & Rubber Company and The American Ireland Fund. He also serves on the capital campaign committee for St. Anthony's Foundation in San Francisco.

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MEMBERS OF THE BOARD OF DIRECTORS CONTINUING IN OFFICE

**Term Expiring at the
2010 Annual Meeting of Stockholders**

James M. Jenness, 62, Director since 2007

Chairman of the Board, Kellogg Company

Mr. Jenness was elected Chairman of the Board of Kellogg Company, a producer of cereal and convenience foods, 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 senior director of the board of directors of Children's Memorial Hospital and a director of Mercy Home for Boys and Girls. He also serves on the DePaul University College of Commerce Advisory Council, is Vice Chairman of DePaul's Board of Trustees and is co-trustee of the W. K. Kellogg Foundation Trust.

Linda Johnson Rice, 51, 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 MoneyGram International, Inc. and Omnicom Group, Inc.

Marc J. Shapiro, 61, Director since 2001

Retired Vice Chairman, JPMorgan Chase & Co.

Mr. Shapiro retired in 2003 as Vice Chairman of JPMorgan Chase & Co., a financial services company. Before becoming Vice Chairman of JPMorgan Chase & Co. in 1997, Mr. Shapiro was Chairman, President and Chief Executive Officer of Chase Bank of Texas, a wholly-owned subsidiary of JPMorgan Chase & Co., from 1989 until 1997. He now serves as a consultant to JPMorgan 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 The Mexico Fund, and a trustee of Weingarten Realty Investors. He also serves on the boards of M.D. Anderson Cancer Center, Baylor College of Medicine, Rice University and BioHouston.

Compensation of Directors

Directors who are not officers or employees of the Corporation or any of its subsidiaries, affiliates or equity companies are Outside Directors for compensation purposes. Outside Directors are compensated for their services under our Outside Directors Compensation Plan, which we adopted in 2001. Our objectives for Outside Director compensation are to remain competitive with the compensation paid to outside directors of comparable companies, to keep pace with changes in practices in director compensation, to attract qualified candidates for Board service, and to reinforce our practice of encouraging stock ownership by our directors. In 2006, to assist the Nominating and Corporate Governance Committee in assessing and determining appropriate, competitive Outside Director

compensation, the Committee engaged Mercer, an outside compensation consultant. Based on that assessment, in 2006 the Committee recommended to the Board, and the Board approved, the Outside Director compensation for 2007 and 2008.

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2008 Compensation. In 2008, each Outside Director received:

An annual cash retainer of \$80,000 payable quarterly in advance; and

An annual grant of restricted share units with a value of \$130,000, effective the first business day of the year.

Outside Directors who join the Board during a calendar year receive the full quarterly amount of the annual retainer for the quarter in which they join the Board and each quarter thereafter, and a pro-rated grant of restricted share units.

Outside Directors who were also chairmen of the Audit, Management Development and Compensation and Nominating and Corporate Governance Committees each received an additional grant of restricted share units with a value of \$20,000, and the Lead Director received an additional grant of restricted share units with a value of \$30,000. In addition, we reimbursed Outside Directors for expenses incurred as a result of attending Board or committee meetings.

Restricted share units are not shares of our common stock. Rather, restricted share units represent the right to receive an amount, payable in shares of our common stock, equal to the value of a specified number of shares of our common stock 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, restricted share units may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or otherwise encumbered. Outside Directors also receive additional restricted share units equivalent in value to the dividends that would have been paid to them if the restricted share units granted to them were shares of our common stock.

2008 Outside Director Compensation

The following table sets forth the compensation paid to each Outside Director in 2008 for his or her service as a director:

Name	Fees Earned or Paid in Cash(\$)	Stock Awards (\$)(1)(2)(3)	All Other Compen- sation (\$)(4)	Total(\$)(5)
John R. Alm	80,000	130,000	0	210,000
Dennis R. Beresford	80,000	150,000	0	230,000
John F. Bergstrom	80,000	130,000	10,000	220,000
Abelardo E. Bru	80,000	130,000	5,000	215,000
Robert W. Decherd	80,000	160,000	20,000	260,000
Mae C. Jemison	80,000	130,000	0	210,000
James M. Jenness	80,000	130,000	10,000	220,000
Ian C. Read	80,000	130,000	0	210,000
Linda Johnson Rice	80,000	150,000	0	230,000
Marc J. Shapiro	80,000	150,000	10,000	240,000
G. Craig Sullivan	80,000	130,000	10,000	220,000

(1)

Amounts shown reflect what the Corporation recognized as share-based compensation expense in 2008 for financial reporting purposes in accordance with Statement of Financial Accounting Standards, No. 123 (Revised 2004), Share-Based Payment (FAS 123R) for restricted share unit awards granted pursuant to our Outside Directors Compensation Plan. See Notes 8, 6, and 7 to our

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audited financial statements included in our Annual Reports on Form 10-K for 2008, 2007, and 2006, respectively, for the assumptions used in valuing and expensing these restricted share units.

- (2) Restricted share unit awards were granted on January 2, 2008. The number of restricted share units granted on this date and the grant date fair value of those grants, determined in accordance with FAS 123R, are set forth below.

Name	Restricted Share Units Granted in 2008(#)	Grant Date Fair Value(\$)
John R. Alm	1,889	130,000
Dennis R. Beresford	2,180	150,000
John F. Bergstrom	1,889	130,000
Abelardo E. Bru	1,889	130,000
Robert W. Decherd	2,325	160,000
Mae C. Jemison	1,889	130,000
James M. Jenness	1,889	130,000
Ian C. Read	1,889	130,000
Linda Johnson Rice	2,180	150,000
Marc J. Shapiro	2,180	150,000
G. Craig Sullivan	1,889	130,000

- (3) As of December 31, 2008, Outside Directors had the following stock awards outstanding:

Name	Restricted Stock(#)	Restricted Share Units(#)	Stock Options(#)
John R. Alm	0	5,971	0
Dennis R. Beresford	0	13,204	5,084
John F. Bergstrom	3,000	11,928	8,032
Abelardo E. Bru	0	6,893	0
Robert W. Decherd	3,000	14,305	8,236
Mae C. Jemison	0	11,928	5,084
James M. Jenness	0	3,758	0
Ian C. Read	0	2,682	0
Linda Johnson Rice	3,000	12,867	7,626
Marc J. Shapiro	0	13,204	17,924
G. Craig Sullivan	0	8,404	0

- (4) All Other Compensation consists of charitable matching gifts paid in 2008 under the Kimberly-Clark Foundation's Matching Gifts Program to a charity designated by the director. This program is available to all employees and directors of the Corporation. Under this program, the Kimberly-Clark Foundation matches employees' and directors' financial contributions to qualified educational and charitable organizations in the United States on a dollar-for-dollar basis, up to \$10,000 per person per calendar year. Amounts paid in 2008 in connection with matching gifts for Mr. Decherd reflect donations made in 2007 and 2008.

- (5) During 2008, Outside Directors received credit for cash dividends on restricted stock held by them. These dividends are credited to interest bearing accounts maintained by us on behalf of those Outside Directors with restricted stock. Earnings on those accounts are not included in the Outside Director Compensation Table because the earnings were not above market or preferential. Also in 2008, Outside Directors received additional restricted share units with a value equal to the dividends paid during the year on our common stock on the restricted share units held by them. Because we factor the value of the right to receive dividends into the grant date fair value of the restricted stock and restricted share units awards, the dividends and dividend equivalents received by Outside Directors are not

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included in the Outside Director Compensation table. The dividends credited on restricted stock and additional restricted share units credited in 2008 were as follows:

Name	Dividends Credited on Restricted Stock(\$)	Number of Restricted Share Units Credited for Dividends in 2008(#)	Grant Date Fair Value of Restricted Share Units Credited(\$)
John R. Alm	0	190.67	12,266
Dennis R. Beresford	0	436.81	28,174
John F. Bergstrom	6,810	395.20	25,494
Abelardo E. Bru	0	222.34	14,314
Robert W. Decherd	6,810	473.50	30,541
Mae C. Jemison	0	395.20	22,494
James M. Jenness	0	114.68	7,352
Ian C. Read	0	77.73	4,962
Linda Johnson Rice	6,810	425.21	27,424
Marc J. Shapiro	0	436.80	28,174
G. Craig Sullivan	0	274.19	17,667

Other than the cash retainer, grants of restricted share units and the other compensation previously described, no Outside Director received any compensation or perquisites from us for services as a director in 2008.

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.

2009 Compensation. In 2008, the Nominating and Corporate Governance Committee, with the assistance of Mercer, evaluated Outside Director compensation to assess whether it still met our objectives for Outside Director compensation as described above. In its assessment, the Committee compared aggregate Outside Director cash and equity compensation to the median compensation of the outside directors of our peer groups, as well as the structure of the compensation programs of our peer groups. For information regarding our peer groups, see Part Four Other Important Information Executive Compensation Compensation Discussion and Analysis below. The Committee then recommended to the Board, and the Board approved, changes in compensation for Outside Directors with aggregate cash and equity compensation at or near the median of these peer groups.

Beginning in 2009:

The annual cash retainer was increased from \$80,000 to \$85,000; and

The value of the annual grant of restricted share units was increased from \$130,000 to \$140,000.

There was no change to the amount of the additional annual retainer paid to committee chairs or to the Lead Director.

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

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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 2009, subject to ratification by the stockholders. If the stockholders do not ratify the selection of Deloitte & Touche LLP, the selection of other independent auditors will be considered by the Audit Committee. Deloitte & Touche LLP have been our independent auditors 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 appropriate 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, 2008 and 2007 by the Corporation's principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte), were:

	2008	2007
Audit Fees(1)	\$ 9,959,000	\$ 10,947,000
Audit-Related Fees(2)	686,000	790,000
Tax Fees(3)	1,530,000	1,468,000
All Other Fees	0	0

- (1) Includes fees for consolidated financial audits, statutory audits, comfort letters, attest services, consents, assistance with and review of SEC 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.
- (2) 2008 and 2007 fees include work with respect to employee benefit plans, due diligence assistance and other matters.
- (3) Tax fees consist of services related to tax compliance, tax audit assistance, and consultation and advice on business tax matters.

Audit Committee Approval of Audit and Non-Audit Services

All audit and non-audit services provided by Deloitte to the Corporation require pre-approval 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, our Vice President and Controller prepares a detailed memorandum outlining the audit services to be provided by Deloitte together with the related fees. In addition, our business and staff units prepare individual requests for non-audit services to be provided by Deloitte during the year. These requests describe the services to be provided, the estimated cost of these services, why the requested service is not inconsistent with the independence rules of the SEC, and why it is appropriate to have Deloitte provide such services. Our Vice President and Controller reviews and summarizes the individual non-audit

service requests and fees (separately describing audit-related services, tax services and other services) to be provided by Deloitte. Before each subsequent meeting of the Committee, our Vice President and Controller prepares an additional memorandum that includes updated information regarding approved services and highlights any new audit and non-audit services to be provided by Deloitte. All new non-audit services to be provided are described in individual requests for services. The Audit Committee reviews these memoranda and the individual requests for non-audit services and approves the services if acceptable to the Committee.

To ensure prompt handling of unexpected matters, the Committee delegates to the Chairman of the Audit Committee the authority to amend or modify the list of audit and non-audit services and fees, as long

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as the additional or amended services do not affect Deloitte's independence under applicable SEC rules. The Chairman reports action taken to the Audit Committee at its next Committee meeting.

All Deloitte services and fees in 2008 and 2007 were pre-approved by the Audit Committee.

The Board of Directors unanimously recommends a vote FOR ratification of this selection.

Audit Committee Report

In accordance with its written charter adopted by the Board of Directors, the Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Corporation.

In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from the independent registered public accounting firm (the auditors) a formal written statement describing all relationships between the auditors and the Corporation that might bear on the auditors' independence, as required by Public Company Accounting Oversight Board (PCAOB) Rule 3526, *Communication with Audit Committees Concerning Independence*, discussed with the auditors any relationships that may impact their objectivity and independence and satisfied itself as to the auditors' independence. The Audit Committee also discussed with management, the internal auditors, and the auditors the quality and adequacy of the Corporation's internal controls and the internal audit function's organization, responsibilities, and budget and staffing. The Audit Committee reviewed with both the auditors and the internal auditors their audit plans, audit scope and identification of audit risks.

The Audit Committee discussed and reviewed with the auditors all communications required by the auditing standards of the PCAOB, including those required by PCAOB AU 380, *Communications with Audit Committees*, and, with and without management present, discussed and reviewed the results of the auditors' examination of the financial statements and the Corporation's internal control over financial reporting. The Committee also discussed the results of the internal audit examinations.

The Audit Committee discussed and reviewed the audited financial statements of the Corporation as of and for the fiscal year ended December 31, 2008, with management and the auditors. The Audit Committee also reviewed management's assessment of the effectiveness of internal controls as of December 31, 2008 and discussed the auditors' examination of the effectiveness of the Corporation's internal control over financial reporting. Management has the responsibility for preparing the Corporation's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and for establishing and maintaining the Corporation's internal control over financial reporting. The auditors have the responsibility for performing an independent audit of the Corporation's financial statements and internal control over financial reporting, and expressing opinions on the conformity of the Corporation's financial statements with GAAP and the effectiveness of internal control over financial reporting.

Based on the above-mentioned review and discussions with management and the auditors, the Audit Committee recommended to the Board that the Corporation's audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the Securities and Exchange Commission. The Audit Committee also has selected and recommended to stockholders for ratification the reappointment of Deloitte & Touche LLP as the independent registered public accounting firm for 2009.

AUDIT COMMITTEE OF THE
BOARD OF DIRECTORS

Dennis R. Beresford, Chairman
John R. Alm
John F. Bergstrom
Robert W. Decherd
Ian C. Read

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PROPOSAL 3. APPROVAL OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION REGARDING RIGHT OF HOLDERS OF AT LEAST TWENTY-FIVE PERCENT OF SHARES TO CALL A SPECIAL MEETING OF STOCKHOLDERS

The Board of Directors is proposing, for approval by our stockholders, an Amended and Restated Certificate of Incorporation (the Proposed Certificate) that incorporates a proposed amendment to provisions of our existing Amended and Restated Certificate of Incorporation (the Existing Certificate). A stockholder proposal requesting that the holders of 10 percent to 25 percent of outstanding common stock be granted the power to call special meetings of stockholders was included in the 2008 proxy statement and received favorable votes from a majority of the votes cast on the proposal. The Nominating and Corporate Governance Committee of the Board of Directors and the full Board have carefully considered the implications of this proposal.

Based on this review, the Board, upon the recommendation of the Nominating and Corporate Governance Committee, has unanimously adopted a resolution approving, subject to stockholder approval, and declaring the advisability of, an amendment to the Existing Certificate to allow holders of not less than 25 percent of the Corporation s issued and outstanding shares of capital stock entitled to vote to request that a special meeting of stockholders be called, subject to By-Law procedures described below.

The Board believes that establishing an ownership threshold of 25 percent in order to request a special meeting strikes a reasonable balance between enhancing stockholder rights and protecting against the risk that a small minority of stockholders could trigger a special meeting and the resulting extraordinary financial and administrative expense of holding a special meeting. We will continue to maintain our existing governance mechanisms that afford management and the Board the ability to respond to proposals and concerns of all stockholders, regardless of the level of share ownership.

The Proposed Certificate would amend Article VI, Section (3) of the Existing Certificate as follows (with additions indicated by underlining and deletions indicated by strikeout):

(3) Meetings of stockholders of the Corporation may be called only by (i) the Board of Directors pursuant to a resolution adopted by the affirmative vote of a majority of the entire Board of Directors, by (ii) the Chairman of the Board, or by (iii) the Chief Executive Officer, or (iv) the Chairman of the Board or the Secretary of the Corporation at the written request of the holders of not less than twenty-five percent (25%) of the issued and outstanding shares of capital stock entitled to vote on any business proposed to be considered at such special meeting that complies with the procedures for calling a special meeting of stockholders as may be set forth in the By-Laws of the Corporation, as may be amended from time to time.

The Proposed Certificate would not amend any other provisions of the Existing Certificate.

In addition, if the Proposed Certificate is approved, our By-Laws are anticipated to be amended to, among other things, describe how the record date is to be set to determine the stockholders entitled to request the special meeting, specify information requirements for the request that are similar to those in place for stockholders to bring business or a nominee for director before an annual meeting, and describe how a stockholder may revoke a request.

The By-Laws would also be amended to specify when a special meeting requested by stockholders will not be held, including if (1) the request to call a special meeting relates to an item of business that is not a proper subject for stockholder action under applicable law; (2) the Board has called or calls for a meeting of stockholders and the purpose or purposes of such meeting include (among any other matters properly brought before the meeting) the

purpose or purposes specified in the request; (3) the request is received by the Corporation during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting; (4) an identical or substantially similar item was presented at any meeting of stockholders held within 120 days prior to receipt by the Corporation of such request; or (5) an annual or special meeting was held not more than

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12 months before the request to call the special meeting was received by the Corporation which included the purpose or purposes specified in the request.

A copy of the amendments to the By-Laws that are intended to take effect on the approval of the Proposed Certificate has been provided as an exhibit to a Current Report on Form 8-K, filed by the Corporation with the SEC on November 17, 2008. Following the approval of the Proposed Certificate, the amended By-Laws will also be posted on our website.

To be approved, the proposed amendment requires an affirmative vote by the holders of a majority of our common stock outstanding and entitled to vote on the amendment. If approved, this amendment will become effective upon the filing of the Proposed Certificate with the Secretary of State for the State of Delaware, which we would do promptly after the Annual Meeting.

The Board of Directors unanimously recommends a vote FOR approval of this proposal.

PROPOSAL 4. REAPPROVAL OF PERFORMANCE GOALS UNDER THE 2001 EQUITY PARTICIPATION PLAN

We are asking stockholders to reapprove the performance goals for our 2001 Equity Participation Plan (as amended, the 2001 Plan) set forth below, as previously approved by stockholders in 2001 and again when it was amended in 2004. No amendments to the 2001 Plan are being requested. Stockholder approval is necessary for the Corporation to meet one of the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code.

The material terms of the 2001 Plan are summarized below. This summary is qualified by the specific language of the 2001 Plan, which is included as Appendix A to this proxy statement.

Overview

The purpose of the 2001 Plan is to encourage ownership in the Corporation by those employees who have contributed, or are determined to be in a position to contribute, materially to the success of the Corporation by managerial, scientific or other innovative means, thereby increasing their interest in the Corporation's long-term success. Equity participation plans are significant factors in attracting and retaining management talent, causing key employees to identify more closely with the interests of the stockholders, and providing incentive and reward for long-term growth and performance. The 2001 Plan will expire on April 25, 2011, unless earlier terminated or extended by the Management Development and Compensation Committee (the Committee).

Under the 2001 Plan, the Committee can grant awards consisting of restricted stock and restricted share units (see Restricted Stock and Restricted Share Units below), options to acquire the Corporation's common stock (see Stock Options below), or a combination of stock options, restricted stock and restricted share units. The 2001 Plan also provides the Committee with discretion to require performance-based standards to be met before awards will vest.

Restricted Stock and Restricted Share Units

The Committee may determine the number of shares of restricted stock or restricted share units to be granted to participants and the periods during which the shares or units may not be transferred. Unless otherwise determined by the Committee, the transferability restrictions will last for a period of three to ten years from the date of grant. During this restricted period, the restricted stock or restricted share units may not be sold or transferred by the participant except in the case of death. Upon expiration of the restricted period, the restricted stock will be delivered to the

participant free of restrictions. A participant who is awarded restricted stock will be entitled to vote these shares and to receive dividends declared on these shares during the restricted period. Upon expiration of the restricted period, payment of restricted share units will be made in cash or shares of common stock as determined by the Committee at the time of grant.

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During the restricted period, a participant who is awarded restricted share units will not be entitled to vote these units but will receive either cash or a credit equal to dividends declared on the Corporation's common stock which will be reinvested in restricted share units at the then fair market value of the Corporation's common stock on the date dividends are paid. The Committee determined that dividend equivalents will not be paid on unvested performance-based restricted share units granted to the named executive officers in February 2009 and thereafter; instead, dividend equivalents on these units will be accumulated and paid after the performance-based restricted share units vest, based on the actual number of shares that vest.

Stock Options

The 2001 Plan employs market value as a basis for rewarding performance through the use of incentive stock options under Section 422 of the Internal Revenue Code (Incentive Stock Options) and stock options which are not Incentive Stock Options (Nonqualified Stock Options) to acquire the Corporation's common stock. The option price per share will be no less than 100 percent of the market value per share of the Corporation's common stock at the date of grant. The term of these options will be no more than 10 years from the date of grant. Options will only become exercisable (1) after specified periods of employment after grant (generally, 30 percent after the first year, 30 percent after the second and the remaining 40 percent after the third), (2) if earlier, upon a qualified termination of employment of the employee (see Part Four Other Important Information Executive Compensation Compensation Discussion and Analysis 2001 Plan below), or (3) as otherwise determined by the Committee. The option price, and any withholding tax, is payable in full in cash at the time of exercise, or at the discretion of the Committee in shares of common stock of the Corporation transferable to the Corporation and having a fair market value on the transfer date equal to the amount payable to the Corporation.

If the participant terminates employment for any reason other than death, disability, retirement or a qualified termination of employment, however, the then-exercisable portion of the option will only be exercisable for three months following such termination. The entire unexercised portion of the option is exercisable within three years from the date of death or disability of a participant, within five years of the date of retirement of a participant, or within the remaining period of the option, whichever is earlier. The option is not transferable except in the case of death or, in limited circumstances, by gift. Under no circumstances, however, will an option be exercisable beyond 10 years from the date of the grant thereof.

Under the 2001 Plan, the Committee, by written notice to a participant, may limit the period in which an Incentive Stock Option may be exercised to a period ending at least three months following the date of such notice, and/or limit or eliminate the number of shares subject to an incentive stock option after a period ending at least three months following the date of such notice.

The 2001 Plan provides the Committee with discretion to allow a participant to convert an unexercised stock option to a cash payment equal to the difference between the participant's option price and the fair market value of the Corporation's common stock on the date of conversion. Any such conversion will reduce the number of outstanding unexercised stock options by a number of shares of the Corporation's common stock equal to the options that were converted to a cash payment.

Performance Goals

The 2001 Plan provides that specific performance goals may be established by the Committee, which, if achieved, will result in the amount of payment, or the early payment, of an award under the 2001 Plan. The performance goals may consist of one or more or any combination of the following criteria: return on invested capital, stock price, market share, sales revenue, cash flow, earnings per share, return on equity, total shareholder return, gross margin, and/or costs. The performance goals may be described in terms that are related to the individual participant, to the

Corporation as a whole, or to a subsidiary, division, department, region, function or business unit of the Corporation in which the participant is employed. The Committee, in its discretion, may change or modify these criteria; however, at all times the criteria must

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meet the requirements of Section 162(m) of the Internal Revenue Code, or any successor section, to the extent applicable.

Shares Subject to the 2001 Plan/Individual Limits

Under the 2001 Plan, the equivalent of 50,000,000 shares (which may be adjusted for stock dividends, stock splits or other corporate changes) of the Corporation's common stock will be available, of which not more than 18,000,000 shares may be used for grants of restricted stock and restricted share units. Shares subject to stock options that become ineligible for purchase for any reason other than exercise of the option, restricted share units which are retired through forfeiture or maturity other than those which are retired through the payment of common stock, and shares of restricted stock that are forfeited during the restricted period due to any applicable transferability restrictions will again become available under the 2001 Plan.

The maximum number of shares of common stock pursuant to all awards under the 2001 Plan that can be granted to any participant within any two consecutive calendar years shall not exceed 1,500,000 in the aggregate, and all awards to executive officers under the 2001 Plan must be approved by the Committee, which consists entirely of Independent Directors. This limit may be adjusted for stock dividends, stock splits or other corporate changes.

Eligibility and Award Estimates

Eligibility to participate in the 2001 Plan is limited to employees (including officers and directors who also are employees) of the Corporation and its affiliated companies. Because the granting of options, restricted stock and restricted share unit awards under the 2001 Plan is at the discretion of the Committee, it is not possible to indicate which persons (including the persons identified in the Summary Compensation Table, all current executive officers as a group, all current directors who are not executive officers as a group, and all employees, including current officers who are not executive officers, as a group) may be granted awards. Also, it is not possible to estimate the number of shares which may be awarded.

Administration of the 2001 Plan

The 2001 Plan is administered by the Committee. The Committee will from time to time select participants, determine the extent of participation and make all other necessary decisions and interpretations under the 2001 Plan. The Committee has the authority to delegate to the Chief Executive Officer the limited authority to grant awards under the 2001 Plan as determined to be reasonable and appropriate by the Chief Executive Officer in connection with recruiting and special employee recognition and retention matters, provided that such limited grants will not exceed 200,000 stock options, shares of restricted stock or restricted share units, in the aggregate, in any calendar year.

Amendment of the 2001 Plan

The 2001 Plan provides that the Committee may amend, suspend, or discontinue the 2001 Plan or amend any or all awards under the 2001 Plan to the extent permitted by law and the rules of any stock exchange on which the Corporation's common stock is listed, provided that no action may be taken if it would materially increase any benefits under the 2001 Plan, materially increase the number of securities which may be issued, materially modify the requirements for eligibility, result in a failure to comply with applicable provisions of the federal securities or income tax laws or constitute a repricing or reloading of the award. However, in the event of relevant changes in the Exchange Act, the Committee, in its discretion, may amend, suspend, or discontinue the 2001 Plan or amend any or all awards under the 2001 Plan to the extent permitted by the Exchange Act or the rules and regulations under the Exchange Act. Except as provided in the 2001 Plan, no amendment, suspension or termination of the 2001 Plan shall adversely alter any rights granted a participant under the 2001 Plan. However, if an amendment must be approved by the stockholders

pursuant to law or the rules of any stock exchange on which the Corporation's common stock is listed, any such proposed amendment will be submitted to the stockholders for approval.

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United States Federal Income Tax Consequences of Restricted Stock and Restricted Share Units

Under current federal tax law, the grant of a restricted stock award has no federal income tax consequences for the participant or the Corporation. Upon the vesting of the restricted stock, the full value of the shares will be taxable to the participant as ordinary income subject to applicable withholding taxes. The participant may accelerate the taxation of the grant by electing to include the value of the shares, at the time of the grant, in gross income for the year in which the grant is made. The Corporation will generally be allowed a tax deduction equal to any ordinary income taxable to the participant upon grant or vesting of the restricted stock.

Dividends on restricted stock awards are taxable to the participant as ordinary income and are subject to applicable withholding taxes. Once the restricted stock vests, or if the participant elects to accelerate the taxation of the grant, the dividends are treated as any other dividends. The holding period for purposes of determining whether gain or loss is short or long term on the sale of restricted stock commences on the date the restricted stock vests, unless the participant has elected to accelerate the taxation of the award, in which case the holding period commences on the day after the grant date of the restricted stock.

Neither the grant of a restricted share unit award nor the crediting of the dividend shares with respect thereto will subject the participant to any immediate tax or have any federal income tax consequences for the Corporation. However, when the award is paid, or the dividend equivalent is paid in cash, the full amount of the payment will be taxable to the participant as ordinary income subject to withholding taxes, and the Corporation will be allowed a tax deduction equal to that amount.

United States Federal Income Tax Consequences of Stock Options

Under current federal tax law, no taxable income will be realized by a participant in the 2001 Plan and the Corporation will not be entitled to any deduction upon the grant of a Nonqualified Stock Option. Upon exercise of a Nonqualified Stock Option, a participant will realize ordinary taxable income on the date of exercise. Such taxable income will equal the difference between the option price and the fair market value of the Corporation's common stock on the date of exercise. The Corporation will be entitled to a corresponding deduction.

Upon the grant of an Incentive Stock Option, no taxable income will be realized by a participant and the Corporation will not be entitled to any deduction. If a participant exercises the option, either while an employee of the Corporation or any of its affiliated companies or at any time during the period three months after the participant terminates employment, then generally, no taxable income will result at the time of the exercise of such option. If a participant holds the shares of common stock transferred to him or her upon exercise of the option for at least the longer of one year after the exercise of the stock option or two years after the grant of the option, any profit (or loss) realized by a participant from a sale or exchange of such stock will be treated as long-term capital gain (or capital loss), and no deduction will be allowable to the Corporation with respect thereto. If a participant fails to hold shares for such period of time, then the disposition generally will result in ordinary income at the time of the disposition in an amount equal to the lesser of (1) the gain on the sale or (2) the difference between the option price and the fair market value of the Corporation's common stock on the date of exercise. If the gain exceeds the difference between the option price and the fair market value of the Corporation's common stock on the date of exercise, the excess is a short-term or long-term capital gain depending upon how long the shares are held prior to the sale. If the stock is sold for less than the exercise price, failure to meet the holding period requirement generally will result in a short-term or long-term capital loss, again depending upon how long the shares are held prior to the sale, equal to the difference between the exercise price and the sale price. When a participant exercises an Incentive Stock Option, he or she will realize an item of tax preference for purposes of the alternative minimum tax equal to the amount by which the fair market value of

the stock at the time of exercise exceeds the option price.

At the Committee's discretion, both Incentive Stock Options and Nonqualified Stock Options may be exercised by a participant using shares of the Corporation's common stock which he or she previously owned; in addition, any resulting withholding tax may be paid with common stock acquired pursuant to the

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exercise of the options. The use of previously owned common stock has no tax consequences to the Corporation.

The foregoing discussion on tax consequences of stock options, restricted stock and restricted share units is not intended to cover all tax consequences of participation in the 2001 Plan. The tax consequences outlined above apply only with respect to an employee whose income is subject to United States federal income tax. Different or additional rules may apply to individuals who are subject to income tax in a foreign jurisdiction and/or are subject to state or local income tax in the United States.

Closing Quotation

The closing quotation of the common stock of the Corporation on February 27, 2009 was \$47.11 per share.

The Board of Directors unanimously recommends a vote FOR approval of this proposal.

Equity Compensation Plan Information

The following table gives information about the Corporation's common stock that may be issued upon the exercise of options, warrants, and rights under all of the Corporation's equity compensation plans as of December 31, 2008.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (In millions) (a)		Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (In millions) (c)
Equity compensation plans approved by stockholders(1)	26.8(2)	\$	61.50	16.9(3)
Equity compensation plans not approved by stockholders(4)	0.1(5)(6)	\$	58.40(6)	0.8
Total	26.9	\$	61.49	17.6

(1) Includes the 1992 Equity Participation Plan, as amended (the 1992 Plan), and the 2001 Plan.

(2) Does not include 2.1 million restricted share units granted under the 2001 Plan. Upon vesting, a share of the Corporation's common stock is issued for each restricted share unit.

(3) Includes 14.1 million shares that may be granted as restricted stock or restricted share units under the 2001 Plan.

- (4) Includes the Outside Directors Compensation Plan and certain acquired equity compensation plans. See below for description of the Outside Directors Compensation Plan.
- (5) Does not include 0.1 million restricted share units granted under the Outside Directors Compensation Plan. Upon vesting, a share of the Corporation's common stock is issued for each restricted share unit.
- (6) Includes less than 9,000 options at a weighted-average exercise price of \$87.85 granted under equity compensation plans assumed by the Corporation in connection with acquisitions to honor existing obligations of acquired entities. The Corporation will not make any additional grants or awards under these plans, although the terms of one acquired deferred compensation plan provide for issuance of a de minimis number of shares of the Corporation's common stock for reinvested dividends on deferred amounts.

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Outside Directors Compensation Plan

In 2001, the Corporation's Board of Directors approved the Outside Directors Compensation Plan. A maximum of 1,000,000 shares of the Corporation's common stock is available for grant under this plan. The Board may grant awards in the form of stock options, stock appreciation rights, restricted stock, restricted share units, or any combination of cash, stock options, stock appreciation rights, restricted stock or restricted share units under this plan.

PROPOSAL 5. STOCKHOLDER PROPOSAL REGARDING CUMULATIVE VOTING

Mr. Chris Rossi, P.O. Box 249, Boonville, California 95415, owning 3,120 shares of our common stock, has given notice that he or his designee intends to present for action at the Annual Meeting the resolution set forth below. The Board of Directors opposes this stockholder proposal for the reasons set forth below the proposal.

Proxies solicited by management will be voted against the stockholder proposal below unless stockholders specify a contrary choice in their proxies.

Stockholder Proposal

In accordance with applicable rules of the SEC, we have set forth Mr. Rossi's proposal below:

5 Cumulative Voting

RESOLVED: Cumulative Voting. Shareholders recommend that our Board take steps necessary to adopt cumulative voting. Cumulative voting means that each shareholder may cast as many votes as equal to number of shares held, multiplied by the number of directors to be elected. A shareholder may cast all such cumulated votes for a single candidate or split votes between multiple candidates. Under cumulative voting shareholders can withhold votes from certain poor-performing nominees in order to cast multiple votes for others.

Statement of Chris Rossi

Cumulative voting won 54%-support at Aetna and greater than 51%-support at Alaska Air in 2005 and 2008. It also received greater than 53%-support at General Motors (GM) in 2006 and 2008. The Council of Institutional Investors www.cii.org recommended adoption of this proposal topic. CalPERS also recommend a yes-vote for proposals on this topic.

Cumulative voting allows a significant group of shareholders to elect a director of its choice safeguarding minority shareholder interests and bringing independent perspectives to Board decisions. Cumulative voting also encourages management to maximize shareholder value by making it easier for a would-be acquirer to gain board representation. It is not necessarily intended that a would-be acquirer materialize, however that very possibility represents a powerful incentive for improved management of our company.

The merits of this Cumulative Voting proposal should also be considered in the context of the need for improvements in our company's corporate governance and in individual director performance. For instance in 2008 the following governance and performance issues were identified:

The Corporate Library (TCL) www.thecorporatelibrary.com, an independent research firm, rated our company High Concern in executive pay.

John Bergstrom served on our audit committee yet he and Mae Jemison were designated as Accelerated Vesting directors by The Corporate Library due to their involvement with accelerating stock option vesting to avoid recognizing the related expense.

John Bergstrom had 21-years director tenure Independence concern.

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Our directors held 8 board seats on boards rated D by The Corporate Library:

Dennis Beresford	Fannie Mae (FNM)
Dennis Beresford	Legg Mason (LM)
Craig Sullivan	Mattel (MAT)
Craig Sullivan	Goodyear (GT)
Abelardo Bru	Office Depot (ODP)
Thomas Falk	Centex (CTX)
Mae Jemison	Scholastic Corp. (SCHL)
Linda Johnson Rice	Omnicom Group (OMC)

Directors who served on D-rated boards held 6 of the 13 seats on our key board committees: Directors Beresford, Bru, Jemison and Sullivan.

There was no shareholder right to:

- Cumulative voting.
- To act by written consent.
- To call a special meeting.
- An Independent Board Chairman.

The above concerns shows there is need for improvement. Please encourage our board to respond positively to this proposal:

**Cumulative Voting
Yes on 5**

Response of the Corporation to Stockholder Proposal

The Board of Directors unanimously recommends a vote AGAINST this proposal for the reasons set forth below.

As with most other large companies, directors at the Corporation are elected by giving stockholders one vote per share for each Board seat. The Board believes this method of voting promotes the election of a balanced and effective Board, in which each director represents the interests of all stockholders.

The Corporation has adopted a true majority vote standard in the election of directors in uncontested elections. A nominee in an uncontested election who does not receive a majority of votes cast will not be elected, and any incumbent director who is not re-elected by a majority of votes cast must tender his or her resignation for consideration by the Board. Majority voting for directors in uncontested elections is broadly recognized as providing a voice for minority stockholders in the election of directors, while promoting the democratic election of directors for, and corresponding accountability to, all stockholders.

Majority voting for directors has received high stockholder support when presented in the form of a stockholder proposal. Many supporters of majority voting do not, however, support cumulative voting in combination with

majority voting because of the risk that the combination could be destabilizing and imprudent. Because of these risks, the Board would consider stockholder approval of cumulative voting to be a strong indication of stockholders corresponding disapproval of majority voting.

Instead of the traditional one-share, one-vote approach currently used by the Corporation, cumulative voting allows stockholders to pool all of their votes and vote them in whatever proportions they choose among the director nominees. As a result, cumulative voting creates the possibility of allowing relatively small constituencies of stockholders to stack their votes in favor of special interest directors, granting these groups a voice in director elections that may be disproportionate to their economic investment in the Corporation.

For example, if cumulative voting were implemented, a dissident stockholder group owning approximately eight percent of the Corporation's stock could launch a proxy contest to elect a

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nominee designated by this group. This group, with ownership of less than ten percent, could use cumulative voting to install its nominee on the Board, even if the nominee failed to receive a majority of the outstanding votes. This nominee would be elected in lieu of the candidate nominated by the Board in the exercise of its fiduciary duties to all of the stockholders.

Directors elected by these special interests may feel obligated to represent the groups' narrow interests, rather than the interests of all stockholders. Ultimately, this support by directors of the special interests of the constituencies that elected them could create partisanship and divisiveness and impair the Board's ability to operate effectively as a governing body, to the detriment of all stockholders.

Furthermore, the Board believes cumulative voting may interfere with the continuing efforts of the Corporation's Nominating and Corporate Governance Committee to develop and maintain a diverse Board comprised of individuals with the wide range of knowledge, experience and expertise necessary to best serve the Corporation.

In addition, the Board believes that cumulative voting is unnecessary because the Corporation has strong corporate governance provisions and practices in place that are responsive to stockholder concerns:

The Corporation has adopted a true majority voting standard in uncontested elections of directors, as described above.

The Board was declassified in 2007.

The Board consists of Independent Directors, other than our Chairman and Chief Executive Officer.

The Nominating and Corporate Governance Committee, the Audit Committee and the Management Development and Compensation Committee consist solely of Independent Directors.

The Corporation maintains a confidential voting policy.

The Board has recommended that stockholders approve an amendment to our Amended and Restated Certificate of Incorporation to allow the holders of not less than 25 percent of the Corporation's issued and outstanding shares of capital stock to request that a special meeting of stockholders be called.

The Corporation does not maintain superior voting rights for one or more classes of stock.

The Corporation eliminated the supermajority voting provisions contained in our Certificate of Incorporation in 2008.

Stockholders have the right to recommend nominees for consideration by the Nominating and Corporate Governance Committee for election to the Board, and there is consideration of stockholder input into the nomination process through interaction at the Corporation's regularly scheduled annual stockholder meetings.

Stockholders may be interested to know that stockholders did not approve a similar cumulative voting proposal that was submitted to them for a vote last year.

For the reasons outlined above, the Board believes that cumulative voting is not in the best interests of the Corporation or its stockholders.

The Board unanimously recommends that the stockholders vote AGAINST the adoption of this proposal.

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**PART FOUR
OTHER IMPORTANT INFORMATION**

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information as of December 31, 2008 regarding the number of shares of our common stock beneficially owned by each director and nominee, by each executive officer named in Executive Compensation (collectively, the named executive officers), and by all directors, nominees and executive officers as a group.

Name	Amount and Nature of Beneficial Ownership(1)(2)(3)(4)(5)
Robert E. Abernathy	698,788(6)
John R. Alm	9,471(7)
Dennis R. Beresford	19,787(6)
John F. Bergstrom	35,960(6)(8)
Robert W. Black	67,301(6)
Abelardo E. Bru	6,893
Mark A. Buthman	400,002(6)
Robert W. Decherd	51,791(6)(9)
Thomas J. Falk	2,173,708(6)(10)
Mae C. Jemison, M.D.	17,142(6)
James M. Jenness	3,758
Anthony J. Palmer	39,929(6)
Ian C. Read	3,382
Linda Johnson Rice	25,793(6)(11)
Marc J. Shapiro	41,128(6)
G. Craig Sullivan	10,403(12)
All directors, nominees and executive officers as a group (21 persons)	4,147,836(6)(13)

- (1) Except as otherwise noted, the directors, nominees and named executive officers, and the directors, nominees and executive officers as a group, have sole voting and investment power with respect to the shares listed.
- (2) Each director, nominee and named executive officer, and all directors, nominees and executive officers as a group own less than one percent of the outstanding shares of our common stock.
- (3) A portion of the shares owned by certain executive officers and directors may be held in margin accounts at brokerage firms. Under the terms of the margin account agreements, stocks and other assets held in the account may be pledged to secure margin obligations under the account. As of the date of this proxy statement, none of the executive officers or directors has any outstanding margin obligations under any of these accounts.
- (4) For each named executive officer, share amounts include restricted share units granted under the 2001 Plan as indicated below. Amounts representing performance-based restricted share units in the table below represent

target levels for these awards. See Part Four Other Important Information Executive Compensation Outstanding Equity Awards for additional information regarding these grants.

Name of Individual	Time-Vested Restricted Share Units(#)	Performance-Based Restricted Share Units(#)
Robert E. Abernathy	29,576	44,124
Robert W. Black	14,003	25,940
Mark A. Buthman	25,887	36,864
Thomas J. Falk	121,224	163,273
Anthony J. Palmer	14,810	16,097

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- (5) For each director who is not an officer or employee of the Corporation or any of its subsidiaries or equity companies, share amounts include restricted share units and shares of restricted stock granted under our Outside Directors Compensation Plan. These awards are restricted and may not be transferred or sold until the Outside Director retires from or otherwise terminates service on the Board. See footnote (3) to the 2008 Outside Director Compensation table for the number of shares of restricted stock and restricted share units that the Outside Directors had outstanding as of December 31, 2008.
- (6) Includes shares of common stock held by the trustee of the Incentive Investment Plan for the benefit of, and that are attributable to, the accounts in the plan of, the named executive officers. Also includes the following shares which could be acquired within 60 days of December 31, 2008 by:

Name of Individual	Number of Shares That Could be Acquired Within 60 Days of December 31, 2008
Robert E. Abernathy	500,771
Dennis R. Beresford	5,084
John F. Bergstrom	8,032
Robert W. Black	27,358
Mark A. Buthman	284,906
Robert W. Decherd	8,236
Thomas J. Falk	1,582,539
Mae C. Jemison, M.D.	5,084
Anthony J. Palmer	9,022
Linda Johnson Rice	7,626
Marc J. Shapiro	17,924
All directors, nominees and executive officers as a group (21 persons)	2,823,426

- (7) Includes 3,500 shares held by the trustee of the supplemental 401(k) plan maintained by Mr. Alm's former employer.
- (8) Includes 5,000 shares held by Bergstrom Investments L.P., a partnership of which Mr. Bergstrom and his brother are general partners and their respective children are limited partners, and of which Mr. Bergstrom shares voting control.
- (9) Voting and investment power with respect to 25,000 of the shares is shared with Mr. Decherd's spouse.
- (10) Includes 39,207 shares held by TKM, Ltd. and 256,145 shares held by TKM II, Ltd. TKM, Ltd. is a family limited partnership which is owned by (i) an entity owned by a trust, controlled by Mr. Falk and his spouse as general partner, (ii) a trust controlled by Mr. Falk and his spouse as limited partners, and (iii) two family trusts previously established for the benefit of Mr. Falk's child as limited partners. TKM II, Ltd. is a family limited partnership which is owned by (i) an entity owned by a trust, controlled by Mr. Falk and his spouse as general partner, and (ii) a trust controlled by Mr. Falk and his spouse as limited partners. Mr. Falk shares voting control over the shares held by TKM, Ltd. and TKM II, Ltd.

TKM, Ltd. also has the right to acquire 94,790 shares within 60 days of December 31, 2008. These 94,790 shares are included in the 1,582,539 shares listed for Mr. Falk in footnote (6) above

- (11) Includes 300 shares held by a trust for the benefit of Mrs. Johnson Rice's daughter and for which Mrs. Johnson Rice serves as a co-trustee and shares voting and investment power.
- (12) Includes 2,000 shares held by a trust for the benefit of Mr. Sullivan's children and for which Mr. Sullivan serves as the sole trustee.
- (13) Voting and investment power with respect to 432,934 of the shares is shared.

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To further align management's financial interests with those of the stockholders, the Corporation maintains stock ownership guidelines for key managers, including the named executive officers. See Part Four Other Important Information Executive Compensation Compensation Discussion and Analysis Additional Compensation Information Target Stock Ownership Guidelines.

In addition, our Corporate Governance Policies provide that, within three years of joining the Board, all Outside Directors should own an amount of the Corporation's stock or stock units at least equal in value to three times the annual Board cash compensation. For the purpose of these stock ownership guidelines, a director is deemed to own beneficially-owned shares, as well as restricted stock and restricted share units (whether or not any applicable restrictions have lapsed), but not stock options (whether vested or unvested). As of December 31, 2008, the stock ownership levels specified by these guidelines had been met or exceeded by each of the Outside Directors, other than Messrs. Jenness and Read, who became directors in 2007.

Table of Contents**EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

This Compensation Discussion and Analysis is intended to provide investors with an understanding of our compensation policies and decisions regarding our named executive officers for 2008. Our named executive officers are our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers.

We will discuss and analyze the following topics in this Compensation Discussion and Analysis:

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Executive Summary

The Management Development and Compensation Committee (the Committee) authorized an executive compensation program in 2008 that is designed to achieve our executive compensation objectives described below. Consistent with our pay-for-performance objective, a significant portion of the 2008 direct annual compensation targets for the named executive officers consisted of performance-based compensation in the form of annual cash incentives and long-term equity incentive compensation.

In February 2008, base salaries for the named executive officers were set based on market levels, individual performance and experience and our salary guidelines. The Committee did not increase Mr. Falk's base salary in 2008. Base salaries for the other named executive officers increased an average of 9.7 percent from 2007, and this increase considers some changes in senior management duties in addition to the factors described above.

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In 2008, we were able to deliver continued progress in our top-line growth strategies, while continuing to operate our business efficiently. These advances, however, were not enough to offset a rapid run-up in our commodity costs during the first half of the year, as well as general economic weakness. As a result, adjusted earnings per share and adjusted return on invested capital (ROIC) were lower than planned. Consistent with our pay-for-performance philosophy described below, the Committee determined that the corporate performance component of the annual cash incentives for 2008 should be below target, at 55 percent. As a result, Mr. Falk's annual incentive payout for 2008 was 55 percent of target, and after applying business unit or staff function performance, payouts for the other named executive officers ranged from 66 to 119 percent of target. The annual cash incentive for Mr. Falk decreased 62 percent from 2007 and for the other named executive officers decreased on average 38 percent from 2007. See Committee Assessment of 2008 Performance for more information regarding target levels and our 2008 performance.

In 2008, the Committee did not award time-vested restricted share units to our named executive officers in order to further emphasize the pay-for-performance aspect of this element of direct compensation. Long-term equity incentive compensation awards for named executive officers consisted of performance-based restricted share units and stock options.

As part of its ongoing review of our executive compensation program in comparison to developing trends, as well as in response to challenging economic conditions, the Committee has implemented several changes to our executive compensation program in late 2008 and in 2009, including:

- our named executive officers' base salaries were not increased for 2009,

- dividend equivalents will not be paid on unvested performance-based restricted share units granted to the named executive officers in February 2009 and thereafter; instead, dividend equivalents on these units will be accumulated and paid after the performance-based restricted share units vest, based on the actual number of shares that vest,

- the adoption of a policy by the Committee in February 2009 providing that executive officers will no longer receive tax reimbursement and a related gross-up for perquisites (including personal use of corporate aircraft), except for certain relocation benefits,

- the adoption of a policy by the Committee in February 2009 that limits the personal use of corporate aircraft by the Chief Executive Officer to an aggregate annual incremental cost to the Corporation of \$100,000, and generally prohibits the personal use of corporate aircraft by other executive officers unless there is no incremental cost to the Corporation for the use,

- the value of the long-term incentive grants made to our named executive officers in February 2009 was lower than in 2008 as a result of a lower share price,

- in late 2008, salary, bonus and certain other benefits payable under our Executive Severance Plan (which provides severance benefits to eligible employees, including our named executive officers, in the event of a qualified termination of employment in connection with a change in control) were reduced from three years to two years, and

- also in late 2008, the Committee amended our Severance Pay Plan, which provides severance benefits to most of our hourly and salaried employees (including our named executive officers), to reflect the expiration of our Global Business Plan Severance Pay Plan on December 31, 2008, as well as to bring the terms of the Severance Pay Plan in line with competitive practices at our peer group companies.

The Committee believes these measures to be appropriate in light of the current economic environment while still providing a competitive compensation package to our executive officers.