

Paragon Trade Brands To Pay Kimberly-Clark \$115 Million To Settle Patent Dispute

Paragon Trade Brands to Pay Kimberly-Clark \$115 Million to Settle Patent Dispute DALLAS, March 22 -- Kimberly-Clark Corporation (NYSE: KMB) today announced that Paragon Trade Brands Inc. (NYSE: PTB) has agreed to pay it \$115 million to settle patent infringement claims the company brought against Paragon in 1995. The settlement, part of Paragon's Chapter 11 bankruptcy reorganization, includes a claim of \$110 million for infringing Kimberly-Clark patents on containment flaps for disposable diapers and training pants and a claim of \$5 million for administrative expenses.

As part of the settlement, Kimberly-Clark will grant Paragon licenses in the U.S. and Canada under these patents. In exchange, Paragon will pay Kimberly-Clark an annual royalty of 2.5 percent on its first \$200 million in diaper sales and a 1.5 percent royalty on all additional diaper sales. The settlement calls for Paragon to pay Kimberly-Clark a minimum diaper royalty of \$5 million a year. In addition, Paragon will pay the company a royalty of 5 percent on sales of training pants with the patented features.

The settlement and license agreements are subject to approval of the bankruptcy court. Payment of the settlement amount will be subject to the terms of Paragon's bankruptcy reorganization plan.

Kimberly-Clark Corporation is a leading global manufacturer of tissue, personal care and health care products. The company's global brands include Huggies, Pull-Ups, Kotex, Depend, Kleenex, Scott, Kimberly-Clark, Tecnol, Kimwipes and WypAll. Other brands well known outside the U.S. include Andrex, Scottex, Page, Popee and Kimbies. Kimberly-Clark also is a major producer of premium business, correspondence and technical papers. The company has manufacturing operations in 38 countries and sells its products in more than 150 countries.

<https://www.news.kimberly-clark.com/press-releases?item=125360>