

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2016

or

☐ **Transition Report Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934**
For the transition period from to



KIMBERLY-CLARK CORPORATION
(Exact name of registrant as specified in its charter)

| | | |
|---|--|---|
| Delaware (State or other jurisdiction of incorporation) | 1-225 (Commission file number) | 39-0394230 (I.R.S. Employer Identification No.) |
| P.O. Box 619100, Dallas, Texas (Address of principal executive offices) | | 75261-9100 (Zip code) |

Registrant's telephone number, including area code: (972) 281-1200

Securities registered pursuant to Section 12(b) of the Act:

Common Stock—\$1.25 Par Value

(Title of each class)

New York Stock Exchange

(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates on June 30, 2016 (based on the most recent closing stock price on the New York Stock Exchange as of such date) was approximately \$49.5 billion.

As of February 1, 2017, there were 356,274,872 shares of Kimberly-Clark common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the definitive Proxy Statement for Kimberly-Clark's Annual Meeting of Stockholders to be held on April 20, 2017 is incorporated by reference into Part III.

KIMBERLY-CLARK CORPORATION

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ITEM 1. BUSINESS

Kimberly-Clark Corporation was incorporated in Delaware in 1928. We are a global company focused on leading the world in essentials for a better life through product innovation and building our personal care, consumer tissue and K-C Professional brands. We are principally engaged in the manufacturing and marketing of a wide range of products mostly made from natural or synthetic fibers using advanced technologies in fibers, nonwovens and absorbency. Unless the context indicates otherwise, the terms "Corporation," "Kimberly-Clark," "K-C," "we," "our" and "us" refer to Kimberly-Clark Corporation and its consolidated subsidiaries.

For financial information by business segment and geographic area, including revenue, profit and total assets of each reportable segment, and information about our principal products and markets, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") and Item 8, Note 16 to the consolidated financial statements.

Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

Description of Kimberly-Clark

We are organized into operating segments based on product groupings. These operating segments have been aggregated into three reportable global business segments. Information on these three segments, as well as their principal sources of revenue, is included below.

- *Personal Care* brands offer our consumers a trusted partner in caring for themselves and their families by delivering confidence, protection and discretion through a wide variety of innovative solutions and products such as disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Kotex, U by Kotex, Intimus, Depend, Plenitud, Poise and other brand names.
- *Consumer Tissue* offers a wide variety of innovative solutions and trusted brands that touch and improve people's lives every day. Products in this segment include facial and bathroom tissue, paper towels, napkins and related products, and are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Neve and other brand names.
- *K-C Professional* ("KCP") partners with businesses to create Exceptional Workplaces, helping to make them healthier, safer and more productive through a range of solutions and supporting products such as wipers, tissue, towels, apparel, soaps and sanitizers. Our brands, including Kleenex, Scott, WypAll, Kimtech and Jackson Safety, are well-known for quality and trusted to help people around the world work better.

These reportable segments were determined in accordance with how our chief operating decision maker and our executive managers develop and execute our global strategies to drive growth and profitability of our worldwide personal care, consumer tissue and KCP operations. These strategies include global plans for branding and product positioning, technology, research and development programs, cost reductions including supply chain management and capacity, and capital investments for each of these businesses.

Products for household use are sold directly to supermarkets, mass merchandisers, drugstores, warehouse clubs, variety and department stores and other retail outlets, as well as through other distributors and e-commerce. Products for away-from-home use are sold through distributors and directly to manufacturing, lodging, office building, food service, and high volume public facilities.

Net sales to Wal-Mart Stores, Inc. were approximately 14 percent in 2016 and 2015, and 13 percent in 2014 of our total net sales.

Patents and Trademarks

We own various patents and trademarks registered domestically and in many foreign countries. We consider the patents and trademarks that we own and the trademarks under which we sell certain of our products to be material to our business. Consequently, we seek patent and trademark protection by all available means, including registration.

Raw Materials

Cellulose fiber, in the form of kraft pulp or fiber recycled from recovered waste paper, is the primary raw material for our tissue products and in the form of fluff pulp is a component of disposable diapers, training and youth pants, feminine pads and incontinence care products.

Polypropylene and other synthetics and chemicals are the primary raw materials for manufacturing nonwoven fabrics, which are used in disposable diapers, training and youth pants, wet wipes, feminine pads, incontinence products, and away-from-home wipers and apparel. Superabsorbent materials are important components of disposable diapers, training and youth pants and incontinence care products.

Raw materials are purchased from third parties, and we consider the supply to be adequate to meet the needs of our businesses. See Item 1A, "Risk Factors."

Competition

We have several major competitors in most of our markets, some of which are larger and more diversified than us. The principal methods and elements of competition include brand recognition and loyalty, product innovation, quality and performance, price, and marketing and distribution capabilities. For additional discussion of the competitive environment in which we conduct our business, see Item 1A, "Risk Factors."

Research and Development

Research and development expenditures are directed toward new or improved personal care, tissue, wiping, safety and nonwoven materials. Consolidated research and development expense was \$328 in 2016, \$324 in 2015 and \$368 in 2014.

Foreign Market Risks

We operate and market our products globally, and our business strategy includes targeted growth in Asia, Latin America, Eastern Europe, the Middle East and Africa, with a particular emphasis in China, Eastern Europe and Latin America. See Item 1A, "Risk Factors" for a discussion of foreign market risks that may affect our financial results.

Environmental Matters

Total worldwide capital expenditures for voluntary environmental controls or controls necessary to comply with legal requirements relating to the protection of the environment at our facilities are expected to be as follows:

| | 2017 | 2018 |
|-------------------------|--------------|-------------|
| Facilities in U.S. | \$ 14 | \$ 1 |
| Facilities outside U.S. | 20 | 7 |
| Total | <u>\$ 34</u> | <u>\$ 8</u> |

Total worldwide operating expenses for environmental compliance, including pollution control equipment operation and maintenance costs, governmental payments, and research and engineering costs are expected to be as follows:

| | 2017 | 2018 |
|-------------------------|---------------|---------------|
| Facilities in U.S. | \$ 58 | \$ 59 |
| Facilities outside U.S. | 52 | 53 |
| Total | <u>\$ 110</u> | <u>\$ 112</u> |

Total environmental capital expenditures and operating expenses are not expected to have a material effect on our total capital and operating expenditures, consolidated earnings or competitive position. Current environmental spending estimates could be modified as a result of changes in our plans, changes in legal requirements, including any requirements related to global climate change, or other factors.

Employees

In our worldwide consolidated operations, we had approximately 42,000 employees as of December 31, 2016.

Available Information

We make financial information, news releases and other information available on our corporate website at www.kimberly-clark.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on this website as soon as reasonably practicable after we file these reports and amendments with, or furnish them to, the Securities and Exchange Commission ("SEC"). The information contained on or connected to our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the SEC. Stockholders may also contact Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606 or call 972-281-5317 to obtain a hard copy of these reports without charge.

ITEM 1A. RISK FACTORS

Our business faces many risks and uncertainties that we cannot control. Any of the risks discussed below, as well as factors described in other places in this Form 10-K, or in our other filings with the SEC, could adversely affect our business, consolidated financial position, results of operations or cash flows. In addition, these items could cause our future results to differ from those in any of our forward-looking statements. These risks are not the only ones we face. Other risks that we do not presently know about or that we presently believe are not material could also adversely affect us.

Our international operations are subject to foreign market risks, including foreign exchange risk, currency restrictions and political, social and economic instability, which may adversely affect our financial results.

Our strategy includes operations growth outside the U.S., especially in developing markets such as China, Latin America and Eastern Europe. About half of our net sales come from markets outside the U.S. We and our equity companies have manufacturing facilities in 38 countries, and sell products in more than 175 countries. Our results may be substantially affected by a number of foreign market risks:

- Exposure to the movement of various currencies against each other and the U.S. dollar. A portion of the exposures, arising from transactions and commitments denominated in non-local currencies, is systematically managed through foreign currency forward and swap contracts. We do not generally hedge our translation exposure with respect to foreign operations.
- Increases in currency exchange restrictions. These restrictions could limit our ability to repatriate earnings from outside the U.S. or obtain currency exchange for U.S. dollar inputs to continue operating in certain countries.
- Adverse political conditions. Risks related to political instability, expropriation, new or revised legal or regulatory constraints, difficulties in enforcing contractual and intellectual property rights, and potentially adverse tax consequences would adversely affect our financial results.
- Increases in dollar-based input costs for operations outside the U.S. due to weaker foreign exchange rates versus the U.S. dollar. There can be no assurance that we will be protected against substantial foreign currency fluctuations.

The inability to effectively manage foreign market risk could adversely affect our business, consolidated financial condition, results of operations or liquidity.

Intense competition for sales of our products, changes in consumer purchasing patterns and the inability to innovate or market our products effectively could have an adverse effect on our financial results.

We operate in highly competitive domestic and international markets against well-known, branded products and low-cost or private label products. Inherent risks in our competitive strategy include uncertainties concerning trade and consumer acceptance, the effects of consolidation within retailer and distribution channels, and competitors' actions. Our competitors for these markets include global, regional and local manufacturers, including private label manufacturers. Some of these competitors may have better access to financial resources and greater market penetration, which enable them to offer a wider variety of products and services at more competitive prices. Alternatively, some of these competitors may have significantly lower product development and manufacturing costs, particularly with respect to private label products, allowing them to offer products at a lower price. The

actions of these competitors could adversely affect our financial results. It may be necessary for us to lower prices on our products and increase spending on advertising and promotions, which could adversely affect our financial results.

We may be unable to anticipate or adequately respond to changes in consumer demand for our products. Demand for our products may change based on many factors, including shifting consumer purchasing patterns to lower cost options such as private-label products and mid to lower-tier value products, low birth rates in certain countries due to slow economic growth or other factors, negative consumer response to pricing actions or changes in consumer trends or habits. If we experience lower sales due to changes in consumer demand for our products, our earnings could decrease.

Our ability to develop new products is affected by whether we can successfully anticipate consumer needs and preferences, develop and fund technological innovations, and receive and maintain necessary patent and trademark protection. In addition, we incur substantial development and marketing costs in introducing new and improved products and technologies. The introduction of a new consumer product (whether improved or newly developed) usually requires substantial expenditures for advertising and marketing to gain recognition in the marketplace. If a product gains consumer acceptance, it normally requires continued advertising and promotional support to maintain its relative market position. Some of our competitors may spend more aggressively on advertising and promotional activities, introduce competing products more quickly and respond more effectively to changing business and economic conditions. We may not be successful in developing new or improved products and technologies necessary to compete successfully in the industry, and we may not be successful in advertising, marketing, timely launching and selling our products. Also, if we fail to perfect or successfully assert our intellectual property rights, we may be less competitive, which could adversely affect our business, financial results and financial condition.

Increasing dependence on key retailers in developed markets and the emergence of new sales channels may adversely affect our business.

Our products are sold in a highly competitive global marketplace, which continues to experience increased concentration and the growing presence of large-format retailers and discounters. With the consolidation of retail trade, especially in developed markets such as the U.S., Europe and Australia, we are increasingly dependent on key retailers, and some of these retailers, including large-format retailers, may have significant bargaining power. They may use this leverage to demand higher trade discounts or allowances which could lead to reduced profitability. We may also be negatively affected by changes in the policies of our retail trade customers, such as inventory de-stocking, limitations on access to shelf space, delisting of our products, additional requirements related to safety, environmental, social and other sustainability issues, and other conditions. If we lose a significant customer or if sales of our products to a significant customer materially decrease, our business, financial condition and results of operations may be adversely affected. In addition, the emergence of new sales channels may affect customer preferences and market dynamics and could adversely impact our financial results. These new channels include sales of consumer and other products via e-commerce, as well as the growth of large-format retailers and discounters that exclusively sell private-label products.

Damage to the reputation of Kimberly-Clark or to one or more of our brands could adversely affect our business.

Developing and maintaining our reputation, as well as the reputation of our brands, is a critical factor in our relationship with consumers, customers, suppliers and others. Our inability to address adverse publicity or other issues, including concerns about product safety, quality, efficacy or similar matters, or breaches of consumer, customer, supplier, employee or other confidential information, real or perceived, could negatively impact sentiment towards us and our products and brands, and our business and financial results could suffer. Consumers increasing use and reliance on social media for information could increase the risk of adverse publicity, potentially with negative perception of our products or brands. Our business and results could also be negatively impacted by the effects of a significant product recall, product-related litigation, allegations of product tampering or contamination, the distribution and sale of counterfeit products, or a failure or breach of our information technology systems.

Government regulations and enforcement, and potential litigation, could have an adverse effect on our financial results.

As a global company, we are subject to many laws and governmental regulations across all of the countries in which we do business, including laws and regulations involving marketing, antitrust, anti-bribery or anti-corruption, product liability, environmental, intellectual property or other matters, as well as potential litigation or administrative actions.

If we are unable to comply with all laws and regulations, it could negatively impact our reputation and our business results. We cannot provide assurance that our internal control policies and procedures, and ethics and compliance program will always protect us from acts committed by our employees or agents. Adverse regulatory action, including a recall, regulatory or other governmental investigation, or product liability or other litigation may also adversely affect our financial condition and business operations.

Although we believe that none of these proceedings or requirements will have a material adverse effect on us, the outcome of these proceedings may not be as expected.

In addition, new or revised laws or regulations may alter the environment in which we do business, which could adversely impact our financial results. For example, new legislation or regulations may result in increased costs to us, directly for our compliance or indirectly to the extent suppliers increase prices of goods and services because of increased compliance costs, excise taxes or reduced availability of raw materials.

New or revised tax regulations could have an adverse effect in our financial results.

We are subject to income tax requirements in various jurisdictions in the U.S. and internationally. Many of these jurisdictions have made changes to their tax policies or are contemplating changes, or have unpredictable enforcement activity. Increases in applicable tax rates, implementation of new taxes, changes in applicable tax laws and interpretations of these tax laws and actions by tax authorities in jurisdictions in which we operate could reduce our after-tax income and have an adverse effect on our results of operations.

Disruption in our supply chain or the failure of third-party providers to satisfactorily perform could adversely impact our operations.

Our ability to manufacture, distribute and sell products is critical to our operations. These activities are subject to inherent risks such as natural disasters, power outages, fires or explosions, labor strikes, terrorism, pandemics, import restrictions, regional economic, business, environmental or political events, governmental regulatory requirements or nongovernmental voluntary actions in response to global climate change or other concerns regarding the sustainability of our business, which could impair our ability to manufacture or sell our products. This interruption, if not mitigated in advance or otherwise effectively managed, could adversely impact our business, financial condition and results of operations, as well as require additional resources to address.

In addition, third parties manufacture some of our products and provide certain administrative services. Disruptions or delays at these third-party manufacturers or service providers due to the reasons above or the failure of these manufacturers or service providers to otherwise satisfactorily perform, could adversely impact our operations, sales, payments to our vendors, employees, and others, and our ability to report financial and management information on a timely and accurate basis.

Significant increases in prices for raw materials, energy, transportation and other necessary supplies and services, without corresponding increases in our selling prices, could adversely affect our financial results.

Increases in the cost and availability of raw materials, including pulp and petroleum-based materials, the cost of energy, transportation and other necessary services, supplier constraints, an inability to maintain favorable supplier arrangements and relations or an inability to avoid disruptions in production output could have an adverse effect on our financial results.

Cellulose fiber, in the form of kraft pulp or recycled fiber from recovered waste paper, is used extensively in our tissue products and is subject to significant price fluctuations. Cellulose fiber, in the form of fluff pulp, is a key component in our personal care products. In past years, pulp prices have experienced significant volatility. Increases in pulp prices or limits in the availability of recycled fiber could adversely affect our earnings if selling prices for our finished products are not adjusted or if these adjustments significantly trail the increases in pulp prices. We have not used derivative instruments to manage these risks.

A number of our products, such as diapers, training and youth pants, feminine pads, incontinence care products and disposable wipes, contain certain materials that are principally derived from petroleum. These materials are subject to price fluctuations based on changes in petroleum prices, availability and other factors, with these prices experiencing significant volatility in recent years. We purchase these materials from a number of suppliers. Significant increases in prices for these materials could adversely affect our earnings if selling prices for our finished products are not adjusted, if these adjustments significantly trail the increases in prices for these materials, or if we do not utilize lower priced substitutes for these materials. Generally, we have not used derivative instruments to manage these risks.

Our manufacturing operations utilize electricity, natural gas and petroleum-based fuels. To ensure we use all forms of energy efficiently and cost-effectively, we maintain energy efficiency improvement programs at our manufacturing sites. Our contracts with energy suppliers vary as to price, payment terms, quantities and duration. Our energy costs are also affected by various market factors including the availability of supplies of particular forms of energy, energy prices and local and national regulatory decisions (including actions taken to address climate change and related market responses). There can be no assurance that we will be fully

protected against substantial changes in the price or availability of energy sources. We use derivative instruments to manage a portion of natural gas price risk in accordance with our risk management policy.

There is no guarantee that our ongoing efforts to reduce costs will be successful.

We continue to implement plans to improve our competitive position by achieving cost reductions in our operations, including implementing restructuring programs in functions or areas of our business where we believe such opportunities exist. In addition, we expect ongoing cost savings from our continuous improvement activities. We anticipate these cost savings will result from reducing material costs and manufacturing waste and realizing productivity gains, distribution efficiencies and overhead reductions in each of our business segments and in our corporate functions. Any negative impact these plans have on our relationships with employees or customers or any failure to generate the anticipated efficiencies and savings could adversely affect our financial results.

If our information technology systems suffer interruptions, failures or breaches, our business operations could be disrupted and we could face financial and reputational damage.

Our information technology systems, some of which are dependent on services provided by third parties, serve an important role in the efficient and effective operation and administration of our business. These systems could be damaged or cease to function properly due to any number of causes, such as catastrophic events, power outages, security breaches, computer viruses or cyber-based attacks. While we have contingency plans in place to prevent or mitigate the impact of these events, if they were to occur and our disaster recovery plans do not effectively address the issues on a timely basis, we could suffer interruptions in our ability to manage our operations, which may adversely affect our business and financial results.

Increased cyber-security threats and computer crime also pose a potential risk to the security of our information technology systems, including those of third party service providers with whom we have contracted, as well as the confidentiality, integrity and availability of the data stored on those systems. Any breach in our information technology security systems could result in the disclosure or misuse of confidential or proprietary information, including sensitive customer, vendor, employee or investor information maintained in the ordinary course of our business. Any such event could cause damage to our reputation, loss of valuable information or loss of revenue and could result in large expenditures to investigate or remediate, to recover data, to repair or replace networks or information systems, or to protect against similar future events.

The 2014 spin-off of our health care business could result in substantial tax liability to us and our stockholders.

On October 31, 2014, we completed the spin-off of our health care business, creating a stand-alone, publicly traded health care company, Halyard Health, Inc. ("Halyard"). Historically, the IRS provided companies seeking to perform a spin-off transaction with an advance ruling that the proposed spin-off transaction would qualify for tax-free treatment. However, the IRS no longer provides such advance rulings. Prior to completing the spin-off of our health care business, we obtained an opinion of counsel that neither we nor our U.S. stockholders will recognize taxable income, gain or loss for U.S. federal income tax purposes as a result of the spin-off. The opinion of counsel is based on certain statements and representations made by us, which, if incomplete or inaccurate in any material respect, could invalidate the opinion of counsel. In addition, this opinion is not binding on the IRS. Accordingly, the IRS or the courts may reach conclusions with respect to the spin-off that are different from the conclusions reached in the opinion of counsel.

If the spin-off and certain related transactions were determined to be taxable, we would be subject to a substantial tax liability. In addition, if the spin-off were deemed taxable, each U.S. holder of our common stock who received shares of Halyard would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of the shares received.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At December 31, 2016 we own or lease:

- our principal executive offices located in the Dallas, Texas metropolitan area;
- four operating segment and geographic headquarters at two U.S. and two international locations; and

- four administrative centers at one U.S. and three international locations.

The locations of our and our equity affiliates' principal production facilities by major geographic areas of the world are as follows:

| Geographic Area: | Number of Facilities |
|-----------------------------------|-----------------------------|
| United States (in 16 states) | 18 |
| Europe | 13 |
| Asia, Latin America and other | 60 |
| Worldwide Total (in 38 countries) | 91 |

Many of these facilities produce multiple products. Consumer tissue and KCP products are produced in 55 facilities and personal care products are produced in 49 facilities. We believe that our and our equity affiliates' facilities are suitable for their purpose, adequate to support their businesses and well maintained.

ITEM 3. LEGAL PROCEEDINGS

See Item 8, Note 12 to the consolidated financial statements which is incorporated in this Item 3 by reference for information on legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names and ages of our executive officers as of February 8, 2017, together with certain biographical information, are as follows:

Achal Agarwal, 57, was elected President, K-C Asia-Pacific in 2012. He is responsible for our consumer business in our Asia-Pacific region. From 2008 to 2012, his title was President, K-C North Asia. Mr. Agarwal joined Kimberly-Clark from PepsiCo, Inc. where he served from March 2008 to June 2008 as Business Unit General Manager, Sub-Saharan Africa Beverages and Snacks and as Chief Operating Officer, Greater China Beverages from 2005 to February 2008.

J. Scott Boston, 54, was elected Senior Vice President and Chief Human Resources Officer in January 2017. He is responsible for the design and implementation of all human capital strategies for Kimberly-Clark, including global compensation and benefits, talent management, diversity and inclusion, organizational effectiveness and corporate health services. From 2011 to 2016, his title was Vice President of Global Talent Management, HR Strategy & Operations. Prior to joining Kimberly-Clark, Mr. Boston served as Senior Vice President, Human Resources, for McKesson Corporation.

Gustavo Calvo Paz, 55, was elected President, K-C Europe, Middle East & Africa in 2014. He is responsible for our consumer business in our Europe, Middle East & Africa region. From 2010 to 2014, he served as President, K-C Middle East & Africa. Mr. Calvo Paz joined Kimberly-Clark in 1996 and has held a number of positions with increasing responsibility within our international business operations.

Sergio Cruz, 50, was elected President, K-C Latin America in January 2017. He is responsible for our consumer business in our Latin America region. From 2014 to January 2017, Mr. Cruz served as Vice President, K-C Latin America - Brazil and from 2011 to 2013, he served as Managing Director, K-C Eastern Europe. Mr. Cruz joined Kimberly-Clark in 2005 and has held a number of positions with increasing responsibility within our international business operations.

Thomas J. Falk, 58, was elected Chairman of the Board and Chief Executive Officer 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 our global tissue businesses. Earlier in his career, Mr. Falk had responsibility for our North American Infant Care, Child Care and Wet Wipes businesses. Mr. Falk joined Kimberly-Clark in 1983 and has held other senior management positions. He has been a director of Kimberly-Clark since 1999. He also serves on the board of directors of Lockheed Martin Corporation, Catalyst Inc., the Global Consumer Goods Forum, and the University of Wisconsin Foundation, and serves as a governor of the Boys & Girls Clubs of America.

Maria Henry, 50, was elected Senior Vice President and Chief Financial Officer in April 2015. Prior to joining Kimberly-Clark, Ms. Henry served as Chief Financial Officer of Hillshire Brands Company, a branded food products company, from 2012 to 2014, and Chief Financial Officer of Sara Lee Corporation's North American Retail and Food Service business from 2011 to 2012. Prior to joining Sara Lee (the predecessor to Hillshire Brands) in 2011, Ms. Henry was Executive Vice President and Chief Financial Officer of Culligan International, where she was responsible for finance, strategy, business development and information technology. Before Culligan, Ms. Henry served as Chief Financial Officer of Vastera, Inc. She began her career at General Electric. She also serves on the board of directors of General Mills, Inc.

Michael D. Hsu, 52, was elected President and Chief Operating Officer and a member of the Board in January 2017. He is responsible for the day-to-day operations of our business units, along with our global innovation, marketing and supply chain functions. He served as Group President - K-C North America from 2013 to 2016, where he was responsible for our consumer business in North America, as well as leading the development of new business strategies for global nonwovens. From 2012 to 2013, his title was Group President - North America Consumer Products. Prior to joining Kimberly-Clark, Mr. Hsu served as Executive Vice President and Chief Commercial Officer of Kraft Foods, Inc., a North American grocery manufacturing and processing conglomerate, from January 2012 to July 2012, as President of Sales, Customer Marketing and Logistics from 2010 to 2012 and as President of its grocery business unit from 2008 to 2010. Prior to that, Mr. Hsu served as President and Chief Operating Officer, Foodservice at H. J. Heinz Company. Mr. Hsu also serves on the board of trustees of United Way U.S.A.

Sandra MacQuillan, 50, was elected Senior Vice President and Chief Supply Chain Officer in April 2015. She is responsible for procurement, transportation, continuous improvement, sustainability, quality, safety, regulatory operations and lean cost transformation. Ms. MacQuillan joined Kimberly-Clark from Mars Incorporated, a manufacturer of confectionery, pet food, and other food products, where she served from 2009 to 2015 as Global Vice President, Supply Chain, responsible for manufacturing, engineering and logistics for Mars' Global Petcare business. She has extensive experience in procurement, technology and engineering.

Thomas J. Mielke, 58, was elected Senior Vice President - General Counsel in 2013. From 2007 to 2012, his title was Senior Vice President - Law and Government Affairs and Chief Compliance Officer, and from 2012 to 2013, his title was Senior Vice President - General Counsel and Chief Compliance Officer. His responsibilities include our legal affairs, internal audit and government relations activities. Mr. Mielke joined Kimberly-Clark in 1988. He has held a number of positions with increasing responsibility within the legal function and was appointed Vice President and Chief Patent Counsel in 2000, and Vice President and Chief Counsel - North Atlantic Consumer Products in 2004.

Anthony J. Palmer, 57, was elected President - Global Brands and Innovation in 2012. Previously, he served as Senior Vice President and Chief Marketing Officer from 2006 to 2012. He leads the global development of our consumer categories through marketing, innovation, category and customer development and shopper marketing. In addition, he leads our global marketing, innovation and corporate research and development functions. Prior to joining Kimberly-Clark in 2006, he served in a number of senior marketing and general management roles at Kellogg Company from 2002 to 2006, including as Managing Director of Kellogg's U.K. business. He also serves on the board of directors of The Hershey Company.

Kimberly K. Underhill, 52, was elected President of K-C Professional in 2014. From 2011 to 2014, she served as President, Consumer Europe. She is responsible for our global professional business, which includes commercial tissue and wipers, skin care, safety and do-it-yourself products. She joined Kimberly-Clark in 1988 and has held a number of positions with increasing responsibility within research and engineering, operations and marketing. She also serves on the board of directors of Foot Locker, Inc.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The dividend and market price data included in Item 7, MD&A "Unaudited Quarterly Data," are incorporated in this Item 5 by reference.

Quarterly dividends have been paid continually since 1935. Dividends have been paid on or about the second business day of January, April, July and October.

Kimberly-Clark common stock is listed on the New York Stock Exchange. The ticker symbol is KMB.

As of February 1, 2017, we had 21,527 holders of record of our common stock.

For information relating to securities authorized for issuance under equity compensation plans, see Part III, Item 12 of this Form 10-K.

We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During 2016, we repurchased 6.0 million shares of our common stock at a cost of \$750 through a broker in the open market.

The following table contains information for shares repurchased during the fourth quarter of 2016. None of the shares in this table were repurchased directly from any of our officers or directors.

| Period (2016) | Total Number of Shares Purchased ^(a) | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs |
|---------------------------|---|------------------------------|--|--|
| October 1 to October 31 | 624,000 | \$ 119.52 | 8,396,811 | 31,603,189 |
| November 1 to November 30 | 661,000 | 113.95 | 9,057,811 | 30,942,189 |
| December 1 to December 31 | 654,000 | 114.62 | 9,711,811 | 30,288,189 |
| Total | 1,939,000 | | | |

(a) Share repurchases were made pursuant to a share repurchase program authorized by our Board of Directors on November 13, 2014. This program allows for the repurchase of 40 million shares in an amount not to exceed \$5 billion.

ITEM 6. SELECTED FINANCIAL DATA

| | Year Ended December 31 | | | | |
|--|------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 ^(a) | 2015 ^(b) | 2014 ^(c) | 2013 ^(d) | 2012 ^(e) |
| Net Sales | \$ 18,202 | \$ 18,591 | \$ 19,724 | \$ 19,561 | \$ 19,467 |
| Gross Profit | 6,651 | 6,624 | 6,683 | 6,609 | 6,129 |
| Operating Profit | 3,317 | 1,613 | 2,521 | 2,903 | 2,377 |
| Share of Net Income of Equity Companies | 132 | 149 | 146 | 205 | 177 |
| Income from Continuing Operations | 2,219 | 1,066 | 1,545 | 2,018 | 1,627 |
| Income from Discontinued Operations, Net of Income Taxes | — | — | 50 | 203 | 201 |
| Net Income | 2,219 | 1,066 | 1,595 | 2,221 | 1,828 |
| Net Income Attributable to Noncontrolling Interests in Continuing Operations | (53) | (53) | (69) | (79) | (78) |
| Net Income Attributable to Kimberly-Clark Corporation | 2,166 | 1,013 | 1,526 | 2,142 | 1,750 |
| Per Share Basis | | | | | |
| Net Income Attributable to Kimberly-Clark Corporation | | | | | |
| Basic | | | | | |
| Continuing operations | 6.03 | 2.78 | 3.94 | 5.05 | 3.94 |
| Discontinued operations | — | — | 0.13 | 0.53 | 0.51 |
| Net income | 6.03 | 2.78 | 4.07 | 5.58 | 4.45 |
| Diluted | | | | | |
| Continuing operations | 5.99 | 2.77 | 3.91 | 5.01 | 3.91 |
| Discontinued operations | — | — | 0.13 | 0.52 | 0.51 |
| Net income | 5.99 | 2.77 | 4.04 | 5.53 | 4.42 |
| Cash Dividends | | | | | |
| Declared | 3.68 | 3.52 | 3.36 | 3.24 | 2.96 |
| Paid | 3.64 | 3.48 | 3.33 | 3.17 | 2.92 |
| Total Assets | 14,602 | 14,842 | 15,526 | 18,919 | 19,873 |
| Long-Term Debt | 6,439 | 6,106 | 5,630 | 5,386 | 5,070 |
| Total Stockholders' Equity | 117 | 40 | 999 | 5,140 | 5,287 |

- (a) Results include other income of \$11 related to an updated assessment of the deconsolidation of our Venezuelan operations. Additionally, results were negatively impacted by pre-tax charges of \$35, \$27 after tax, related to the 2014 Organization Restructuring. See Item 8, Notes 1 and 2 of the consolidated financial statements for details.
- (b) Results include pre-tax charges related to pension settlements of \$1,358, \$835 after tax, a \$45 nondeductible charge related to the remeasurement of the Venezuelan balance sheet and a pre-tax charge of \$108, \$102 after tax, related to the deconsolidation of our Venezuelan operations. Additionally, results were negatively impacted by pre-tax charges of \$63, \$42 after tax, related to the 2014 Organization Restructuring, and nondeductible charges of \$23 related to the restructuring of operations in Turkey. Also included is an income tax charge of \$49 related to prior years as a result of an updated assessment of uncertain tax positions in certain of our international operations. See Item 8, Notes 1, 2, 9 and 14 of the consolidated financial statements for details.
- (c) Results include pre-tax charges of \$133, \$95 after tax, related to the 2014 Organization Restructuring, pre-tax charges of \$33, \$30 after tax, related to European strategic changes, a nondeductible charge of \$462 related to the remeasurement of the Venezuelan balance sheet and a nondeductible charge of \$35, \$17 attributable to Kimberly-Clark Corporation, related to a regulatory dispute in the Middle East. Additionally, results were negatively impacted by pre-tax charges of \$157, \$138 after tax, for transaction and related costs associated with the spin-off of the health care business (classified in discontinued operations). See Item 8, Notes 1 through 4 of the consolidated financial statements for details.
- (d) Results include pre-tax charges of \$81, \$66 after tax, related to European strategic changes. Additionally, results were negatively impacted by a \$36 pre-tax charge, \$26 after tax, related to the devaluation of the Venezuelan bolivar.
- (e) Results include pre-tax charges of \$299, \$242 after tax, related to European strategic changes. Additionally, results were negatively impacted by \$135 in pre-tax charges, \$86 after tax, for restructuring actions related to our pulp and tissue operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

This MD&A is intended to provide investors with an understanding of our recent performance, financial condition and prospects. This discussion and analysis compares 2016 results to 2015, and 2015 results to 2014. The reference to "N.M." indicates that the calculation is not meaningful. In addition, we provide commentary regarding organic sales growth, which describes the impact of changes in volume, product mix and net selling prices on net sales. Changes in foreign currency rates also impact the year-over-year change in net sales. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

The following will be discussed and analyzed:

- Overview of Business
- Overview of 2016 Results
- Results of Operations and Related Information
- Unaudited Quarterly Data
- Liquidity and Capital Resources
- Critical Accounting Policies and Use of Estimates
- Legal Matters
- New Accounting Standards
- Business Outlook
- Information Concerning Forward-Looking Statements

Throughout this MD&A, we refer to financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S., or GAAP, and are therefore referred to as non-GAAP financial measures. These measures include adjusted operating profit, adjusted net income, adjusted earnings per share, adjusted other (income) and expense, net, and adjusted effective tax rate. We believe these measures provide our investors with additional information about our underlying results and trends, as well as insight to some of the financial measures used to evaluate management.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the comparable GAAP measures, and they should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. There are limitations to these non-GAAP financial measures because they are not prepared in accordance with GAAP and may not be comparable to similarly titled measures of other companies due to potential differences in methods of calculation and items being excluded. We compensate for these limitations by using these non-GAAP financial measures as a supplement to the GAAP measures and by providing reconciliations of the non-GAAP and comparable GAAP financial measures.

The non-GAAP financial measures exclude the following items for the relevant time periods as indicated in the reconciliations included later in this MD&A:

- 2014 Organization Restructuring - In 2014, we initiated a restructuring plan in order to improve organization efficiency and offset the impact of stranded overhead costs resulting from the spin-off of our health care business. Results in 2016, 2015 and 2014 include charges related to this initiative. See Item 8, Note 2, of the consolidated financial statements for details.
- Adjustments related to Venezuelan operations - Results in 2016 and 2015 include adjustments for the deconsolidation of our Venezuelan operations, and in 2015 and 2014 include charges for remeasuring the local currency balance sheet in Venezuela. See Item 8, Note 1 of the consolidated financial statements for details.
- Pension settlement charges - In 2015, we recorded settlement-related charges from certain actions taken for our U.S. pension plan. See Item 8, Note 9 of the consolidated financial statements for details.
- Uncertain tax positions adjustment - In 2015, we updated our assessment of uncertain tax positions for certain international operations, and recorded a charge related to prior years in provision for income taxes. See Item 8, Note 14 of the consolidated financial statements for details.

- Turkey restructuring - In 2015, we recorded charges related to the restructuring of our operations in Turkey.
- Regulatory dispute in the Middle East - In 2014, we recorded a charge as a result of an adverse court ruling regarding the treatment of capital contributions in prior years to an affiliate in the Middle East.
- European strategic changes and related restructuring charges - In 2012, we initiated strategic changes to, and a related restructuring in, our Western and Central European businesses. Results in 2014 include charges related to this restructuring activity. See Item 8, Note 4 of the consolidated financial statements for details.

Overview of Business

We are a global company focused on leading the world in essentials for a better life, with manufacturing facilities in 35 countries and products sold in more than 175 countries. Our products are sold under well-known brands such as Kleenex, Scott, Huggies, Pull-Ups, Kotex and Depend. We have three reportable business segments: Personal Care, Consumer Tissue and KCP. These business segments are described in greater detail in Item 8, Note 16 to the consolidated financial statements.

In operating our business, we seek to:

- manage our portfolio to balance growth, profit margin and cash flow,
- invest in our brands, innovation and growth initiatives,
- deliver sustainable cost reductions, and
- provide disciplined capital management to improve return on invested capital and return cash to shareholders.

We describe our business outside North America in two groups – Developing and Emerging Markets ("D&E") and Developed Markets. D&E markets comprise Eastern Europe, the Middle East and Africa, Latin America and Asia-Pacific, excluding Australia and South Korea. Developed Markets consist of Western and Central Europe, Australia and South Korea.

Highlights for 2016 include the following:

- Net sales of \$18.2 billion decreased 2 percent compared to 2015. Weakening foreign currency exchange rates reduced sales by 4 percent. Organic sales increased 2 percent.
- Organic sales in our North American consumer business grew 1 percent primarily due to 3 percent sales volume growth.
- Organic sales in D&E markets grew 4 percent in 2016. While we continued to benefit from innovation, expansion, category development and higher net selling prices, our overall growth in D&E markets moderated compared to prior years, primarily due to slower economic growth and weaker category dynamics.
- In our Developed Markets outside North America, organic sales were essentially even.
- We generated an all-time record \$435 of cost savings from our ongoing FORCE (Focused On Reducing Costs Everywhere) program. These savings helped fund investments in innovations and growth initiatives and improve our profit margins.
- We completed our 2014 Organization Restructuring in order to improve organization efficiency and offset the impact of stranded overhead costs resulting from the spin-off of our health care business in 2014. Savings from this initiative were \$70 in 2016, bringing annualized savings to \$140.
- We continued to focus on generating cash flow and allocating capital to shareholders. In 2016, cash provided by operations was \$3.2 billion, an increase of 40 percent year-on-year. Share repurchases of Kimberly-Clark common stock were \$750. In addition, we raised our dividend in 2016 by 4.5 percent, the 44th consecutive annual increase in our dividend. Altogether, share repurchases and dividends in 2016 amounted to \$2.1 billion.

We completed the spin-off of our health care business on October 31, 2014. As a result, the health care business is presented as discontinued operations on the consolidated income statement in 2014.

We are subject to risks and uncertainties, which can affect our business operations and financial results. See Item 1A, "Risk Factors" in this Form 10-K for additional information.

Overview of 2016 Results

- Net sales of \$18.2 billion decreased 2 percent compared to prior year, as changes in foreign currency exchange rates decreased net sales by 4 percent.
- Operating profit and Net Income Attributable to Kimberly-Clark Corporation were \$3,317 and \$2,166 in 2016 and \$1,613 and \$1,013 in 2015, respectively. Diluted earnings per share was \$5.99 in 2016 compared to \$2.77 in 2015. Results in 2015 included \$1,358 (\$835 after tax) of pension settlement charges and \$153 (\$147 after tax) of charges related to our Venezuelan operations.
- Adjusted operating profit and adjusted diluted earnings per share increased 4 percent and 5 percent, respectively, compared to 2015.

Results of Operations and Related Information

This section presents a discussion and analysis of net sales, operating profit and other information relevant to an understanding of 2016 results of operations.

Consolidated

Selected Financial Results

| | Year Ended December 31 | | | | |
|--|------------------------|-----------|-------------------------|-----------|-------------------------|
| | 2016 | 2015 | Change 2016 vs. 2015 | 2014 | Change 2015 vs. 2014 |
| Net Sales | \$ 18,202 | \$ 18,591 | -2.1 % | \$ 19,724 | -5.7 % |
| Other (income) and expense, net | 8 | 1,568 | -99.5 % | 453 | +246.1 % |
| Operating Profit | 3,317 | 1,613 | +105.6 % | 2,521 | -36.0 % |
| Provision for income taxes | 922 | 418 | +120.6 % | 856 | -51.2 % |
| Share of net income from equity companies | 132 | 149 | -11.4 % | 146 | +2.1 % |
| Income from Continuing Operations | 2,219 | 1,066 | +108.2 % | 1,545 | -31.0 % |
| Income from discontinued operations, net of income taxes | — | — | — | 50 | N.M. |
| Net Income Attributable to Kimberly-Clark Corporation | 2,166 | 1,013 | +113.8 % | 1,526 | -33.6 % |
| Diluted Earnings per Share from Continuing Operations | 5.99 | 2.77 | +116.2 % | 3.91 | -29.2 % |

Operating Profit Reconciliation of GAAP to Non-GAAP

Operating profit includes the following adjusting items:

| | Year Ended December 31 | | |
|-----------------------------------|------------------------|----------|----------|
| | 2016 | 2015 | 2014 |
| Operating Profit, GAAP | \$ 3,317 | \$ 1,613 | \$ 2,521 |
| Plus adjustments for: | | | |
| 2014 Organization Restructuring | 35 | 63 | 133 |
| Venezuelan Operations | (11) | 153 | 462 |
| Pension Settlements | — | 1,358 | — |
| Turkey Restructuring | — | 23 | — |
| Regulatory Dispute in Middle East | — | — | 35 |
| European Strategic Changes | — | — | 33 |
| Adjusted Operating Profit | \$ 3,341 | \$ 3,210 | \$ 3,184 |

Consolidated Net Sales and Adjusted Operating Profit

| Net Sales | Percent Change | | Adjusted Operating Profit | Percent Change | |
|--------------------------|----------------|---------------|---------------------------|----------------|---------------|
| | 2016 vs. 2015 | 2015 vs. 2014 | | 2016 vs. 2015 | 2015 vs. 2014 |
| Volume | 2 | 4 | Volume | 5 | 8 |
| Net Price | — | — | Net Price | (1) | 1 |
| Mix/Other ^(a) | — | — | Input Costs | 2 | 5 |
| Currency | (4) | (10) | Cost Savings | 14 | 11 |
| Total | (2.1) | (5.7) | Currency Translation | (3) | (11) |
| | | | Other ^(c) | (13) | (13) |
| Organic ^(b) | 2 | 5 | Total | 4.1 | 0.8 |

^(a)Includes rounding

^(b)Combined impact of changes in volume, net price and mix/other

^(c)Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs

2016 vs. 2015

Net sales of \$18.2 billion decreased 2 percent compared to 2015, as changes in foreign currency exchange rates reduced sales by about 4 percent. Organic sales increased approximately 2 percent due to higher volumes. Operating profit was \$3,317 in 2016 versus \$1,613 in 2015. Results in 2015 included \$1,358 of pension settlement charges and \$153 of charges related to our Venezuelan operations. Adjusted operating profit of \$3,341 in 2016 increased 4 percent compared to \$3,210 in 2015. Results in 2016 included benefits from organic sales growth, \$435 of FORCE cost savings and \$70 of savings from the 2014 Organization Restructuring. In addition, input costs were \$65 lower. Translation effects due to changes in foreign currency exchange rates lowered operating profit by \$90 and transaction effects also negatively impacted results.

2015 vs. 2014

Net sales of \$18.6 billion decreased 6 percent compared to 2014, as changes in foreign currency exchange rates reduced net sales more than 10 percent. Organic net sales increased 5 percent, as volumes increased 4 percent and product mix was favorable by 1 percent. Operating profit of \$1,613 decreased 36 percent compared to 2014. Comparisons were negatively impacted by significant unfavorable currency effects, as well as adjusting items described in the operating profit reconciliation of GAAP to Non-GAAP above. Adjusted operating profit of \$3,210 in 2015 increased 1 percent compared to \$3,184 in 2014. The comparisons benefited from organic sales growth, FORCE cost savings of \$365, input cost deflation of \$150 and \$65 of savings from the 2014 Organization Restructuring. Translation effects due to changes in foreign currency exchange rates lowered adjusted operating profit by \$360 and foreign currency transaction effects also negatively impacted the operating profit comparisons. Total marketing, research and general expenses increased on a local currency basis, driven by higher administrative costs.

Other (Income) & Expense, Net Reconciliation of GAAP to Non-GAAP

Other (income) & expense, net includes the following adjusting items:

| | Year Ended December 31 | | |
|--|------------------------|----------|--------|
| | 2016 | 2015 | 2014 |
| Other (income) and expense, net, GAAP | \$ 8 | \$ 1,568 | \$ 453 |
| Less adjustments for: | | | |
| 2014 Organization Restructuring | (3) | — | — |
| Venezuelan Operations | (11) | 148 | 421 |
| Pension Settlements | — | 1,358 | — |
| Regulatory Dispute in Middle East | — | — | 35 |
| Adjusted other (income) and expense, net | \$ 22 | \$ 62 | \$ (3) |

Adjusted other (income) and expense, net was expense of \$22 in 2016 and \$62 in 2015. The change was driven by higher currency transaction losses in 2015. Adjusted other (income) and expense, net was expense of \$62 in 2015 and income of \$3 in 2014. The change was driven by higher foreign currency transaction losses in 2015 compared to 2014, and gains on asset sales in 2014.

Provision for Income Taxes Reconciliation of GAAP to Non-GAAP

Provision for income taxes includes the following adjusting items:

| | Year Ended December 31 | | |
|-------------------------------------|------------------------|--------|--------|
| | 2016 | 2015 | 2014 |
| Effective Tax Rate, GAAP | 30.6% | 31.3% | 38.0% |
| Provision for income taxes, GAAP | \$ 922 | \$ 418 | \$ 856 |
| Plus adjustments for: | | | |
| 2014 Organization Restructuring | 8 | 21 | 38 |
| Venezuelan Operations | — | 6 | — |
| Pension Settlements | — | 523 | — |
| Uncertain Tax Positions | — | (49) | — |
| Europe Strategic Changes | — | — | 3 |
| Adjusted Provision for income taxes | \$ 930 | \$ 919 | \$ 897 |
| Adjusted Effective Tax Rate | 30.7% | 31.3% | 30.7% |

The decrease in adjusted effective tax rate in 2016 is primarily due to certain planning initiatives. The increase in adjusted effective tax rate in 2015 is primarily due to the redemption of preferred securities in 2014.

Share of Net Income from Equity Companies

Our share of net income of equity companies was \$132 in 2016, \$149 in 2015 and \$146 in 2014. Kimberly-Clark de Mexico, S.A.B. de C.V. ("KCM") results in 2016 compared to 2015 were negatively impacted by a weaker Mexican peso and higher input costs, partially offset by benefits from organic sales growth and cost savings. KCM results in 2015 compared to 2014 benefited from increased organic sales, cost savings, and lower input costs, partially offset by a weaker Mexican peso.

Net Income Attributable to Kimberly-Clark and Diluted Earnings Per Share from Continuing Operations Reconciliations of GAAP to Non-GAAP

Net Income Attributable to Kimberly-Clark and Diluted Earnings Per Share include the following adjusting items:

| | Year Ended December 31 | | |
|--|------------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 |
| Net Income Attributable to Kimberly-Clark, GAAP | \$ 2,166 | \$ 1,013 | \$ 1,526 |
| Plus adjustments (net of tax) for: | | | |
| 2014 Organization Restructuring | 27 | 42 | 95 |
| Venezuelan Operations | (11) | 147 | 462 |
| Pension Settlements | — | 835 | — |
| Uncertain Tax Positions | — | 49 | — |
| Turkey Restructuring | — | 23 | — |
| Health Care Spin-off | — | — | 138 |
| European Strategic Changes | — | — | 30 |
| Regulatory Dispute in Middle East | — | — | 17 |
| Adjusted Net Income Attributable to Kimberly-Clark | <u>\$ 2,182</u> | <u>\$ 2,109</u> | <u>\$ 2,268</u> |

| | Year Ended December 31 | | |
|--|------------------------|----------------|----------------|
| | 2016 | 2015 | 2014 |
| Diluted Earnings Per Share from Continuing Operations, GAAP | \$ 5.99 | \$ 2.77 | \$ 3.91 |
| Plus adjustments for: | | | |
| 2014 Organization Restructuring | 0.07 | 0.11 | 0.25 |
| Venezuelan Operations | (0.03) | 0.40 | 1.22 |
| Pension Settlements | — | 2.28 | — |
| Uncertain Tax Positions | — | 0.13 | — |
| Turkey Restructuring | — | 0.06 | — |
| European Strategic Changes | — | — | 0.08 |
| Regulatory Dispute in Middle East | — | — | 0.05 |
| Rounding | — | 0.01 | — |
| Adjusted Diluted Earnings Per Share from Continuing Operations | <u>\$ 6.03</u> | <u>\$ 5.76</u> | <u>\$ 5.51</u> |

The increase in adjusted earnings per share from continuing operations in 2016 and 2015 are due to higher earnings and lower share counts.

Geographical Information

| | Year Ended December 31 | | | | |
|--|------------------------|------------------|-------------------------|------------------|-------------------------|
| | 2016 | 2015 | Change 2016 vs. 2015 | 2014 | Change 2015 vs. 2014 |
| NET SALES | | | | | |
| North America | \$ 9,545 | \$ 9,531 | +0.1 % | \$ 9,400 | +1.4 % |
| Europe | 2,178 | 2,304 | -5.5 % | 2,717 | -15.2 % |
| Asia, Latin America and other | 6,786 | 7,154 | -5.1 % | 7,961 | -10.1 % |
| Intergeographic sales | (307) | (398) | -22.9 % | (354) | +12.4 % |
| TOTAL NET SALES | \$ 18,202 | \$ 18,591 | -2.1 % | \$ 19,724 | -5.7 % |
| OPERATING PROFIT | | | | | |
| North America | \$ 2,322 | \$ 2,180 | +6.5 % | \$ 2,003 | +8.8 % |
| Europe | 265 | 297 | -10.8 % | 282 | +5.3 % |
| Asia, Latin America and other | 990 | 1,071 | -7.6 % | 1,184 | -9.5 % |
| Corporate & Other ^(a) | (252) | (367) | N.M. | (495) | N.M. |
| Other (income) and expense, net ^(b) | 8 | 1,568 | -99.5 % | 453 | +246.1 % |
| TOTAL OPERATING PROFIT | \$ 3,317 | \$ 1,613 | +105.6 % | \$ 2,521 | -36.0 % |

(a) Corporate & Other includes charges related to the 2014 Organization Restructuring of \$38, \$63 and \$133 in 2016, 2015, and 2014, respectively, and \$5 and \$41 related to the remeasurement of the Venezuelan balance sheet in 2015 and 2014, respectively. Corporate & Other also includes charges of \$23 for restructuring in Turkey in 2015, and \$33 related to European strategic changes in 2014.

(b) Other (income) and expense, net for 2016 and 2015 includes income of \$11 and a charge of \$108, respectively, related to the deconsolidation of our Venezuelan operations, and for 2015 and 2014 includes charges of \$40 and \$421, respectively, related to the remeasurement of the Venezuelan balance sheet. In addition, 2015 includes \$1,358 for charges related to pension settlements, and 2014 includes a charge of \$35 related to a regulatory dispute in the Middle East.

Business Segments

Personal Care

| | 2016 | 2015 | 2014 | | 2016 | 2015 | 2014 |
|-----------|----------|----------|----------|------------------|----------|----------|----------|
| Net Sales | \$ 9,046 | \$ 9,204 | \$ 9,635 | Operating Profit | \$ 1,857 | \$ 1,885 | \$ 1,803 |

| Net Sales | Percent Change | | Operating Profit | Percent Change | |
|--------------------------|----------------|---------------|----------------------|----------------|---------------|
| | 2016 vs. 2015 | 2015 vs. 2014 | | 2016 vs. 2015 | 2015 vs. 2014 |
| Volume | 4 | 5 | Volume | 8 | 10 |
| Net Price | (1) | 1 | Net Price | (4) | 5 |
| Mix/Other ^(a) | — | 1 | Input Costs | 2 | 6 |
| Currency | (5) | (11) | Cost Savings | 14 | 12 |
| Total | (1.7) | (4.5) | Currency Translation | (3) | (11) |
| | | | Other ^(c) | (18) | (17) |
| Organic ^(b) | 3 | 7 | Total | (1.5) | 4.5 |

^(a)Includes rounding

^(b)Combined impact of changes in volume, net price and mix/other

^(c)Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs

2016 vs. 2015

Net sales of \$9.0 billion in 2016 decreased 2 percent compared to 2015. Unfavorable currency rates decreased sales by 5 percent while sales volumes increased 4 percent. Changes in net selling prices decreased sales by 1 percent. Operating profit of \$1,857 decreased 1 percent. The comparison was impacted by unfavorable currency effects and higher marketing, research and general expenses on a local currency basis, mostly offset by organic sales growth and cost savings.

Net sales in North America increased 2 percent. Sales volumes increased 4 percent, while lower net selling prices reduced sales by 2 percent. Child care volumes increased high-single digits and adult care volumes rose in the mid-single digits, as both businesses benefited from category growth and innovations launched in the last 12 months. Volumes on Huggies baby wipes rose mid-single digits. Huggies diapers volumes were down low-single digits, although market shares were up slightly.

Net sales in developing and emerging markets decreased 6 percent, including an 11 percent negative impact from unfavorable currency rate changes. This was partially offset by sales volume increases of 4 percent and changes in net selling prices that increased sales by 1 percent. Volume growth included gains in China, Eastern Europe, Africa and Central America, while volumes declined in Argentina and Brazil. Net selling prices increased in Argentina and Brazil, but decreased in China.

Net sales in developed markets outside North America decreased 2 percent. Currency rates were unfavorable by 3 percent. Sales volumes increased 2 percent and product mix was favorable 1 percent, while changes in net selling prices decreased sales by 2 percent.

2015 vs. 2014

In 2015, net sales of \$9.2 billion decreased 4 percent compared to 2014. Unfavorable currency rates decreased net sales by 11 percent while sales volumes increased 5 percent and net selling prices and product mix each increased net sales by 1 percent. Operating profit of \$1,885 increased 5 percent. The comparison benefited from growth in organic net sales, cost savings and lower input and other manufacturing costs, partially offset by unfavorable effects from changes in currency rates and higher marketing, research and general expenses on a local currency basis.

Net sales in North America increased 1 percent. Sales volumes increased 4 percent while net selling prices and currency decreased net sales by 2 percent and 1 percent, respectively. Adult care volumes increased high-single digits with benefits from innovations, brand investments and category growth. Volumes on Huggies diapers rose low-single digits including benefits from innovation and increased promotion support. Huggies baby wipes volumes rose mid-single digits with benefits from innovation and child care volumes were even with prior year.

Net sales in developing and emerging markets decreased 8 percent including a 22 percent decrease from unfavorable currency rate changes. This was partly offset by an increase in sales volumes of 8 percent which included gains in China, most of Latin America,

and Eastern Europe, and 5 percent higher net selling prices, driven by increases in Eastern Europe and Latin America in response to weaker currency rates.

Net sales in developed markets outside North America decreased 10 percent. Currency rates were unfavorable by 11 percent. Volumes and product mix increased by 1 percent each while net selling prices decreased net sales by 1 percent.

Consumer Tissue

| | 2016 | 2015 | 2014 | | 2016 | 2015 | 2014 |
|--------------------------|----------------|---------------|----------|----------------------|----------------|---------------|----------|
| Net Sales | \$ 5,967 | \$ 6,121 | \$ 6,645 | Operating Profit | \$ 1,117 | \$ 1,073 | \$ 1,062 |
| Net Sales | Percent Change | | | Operating Profit | Percent Change | | |
| | 2016 vs. 2015 | 2015 vs. 2014 | | | 2016 vs. 2015 | 2015 vs. 2014 | |
| Volume | — | 3 | | Volume | 1 | 7 | |
| Net Price | — | (1) | | Net Price | 2 | (5) | |
| Mix/Other ^(a) | (1) | (1) | | Input Costs | 4 | 1 | |
| Currency | (2) | (9) | | Cost Savings | 10 | 10 | |
| Total | (2.5) | (7.9) | | Currency Translation | (1) | (8) | |
| | | | | Other ^(c) | (12) | (4) | |
| Organic ^(b) | — | 1 | | Total | 4.1 | 1.0 | |

^(a)Includes rounding

^(b)Combined impact of changes in volume, net price and mix/other

^(c)Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs

2016 vs. 2015

Net sales of \$6.0 billion in 2016 decreased 3 percent compared to 2015 as unfavorable currency rates and changes in product mix reduced sales by 2 percent and 1 percent, respectively. Operating profit of \$1,117 increased 4 percent compared to prior year. The comparison benefited from cost savings and lower input costs, partially offset by unfavorable foreign currency effects.

Net sales in North America were essentially even with the prior year. Sales volumes increased by 1 percent, with increases in all product categories, while product mix was unfavorable by 1 percent.

Net sales in developing and emerging markets decreased 7 percent as unfavorable currency rates reduced sales by about 7 percent. Sales volumes decreased about 4 percent, primarily in Latin America, while changes in net selling prices increased sales by 3 percent.

Net sales in developed markets outside North America decreased 4 percent as unfavorable currency effects reduced sales by 4 percent. Sales volumes increased 1 percent, mostly in Australia, while changes in net selling prices decreased sales by 1 percent.

2015 vs. 2014

In 2015, net sales of \$6.1 billion decreased 8 percent compared to 2014. Unfavorable currency rates reduced net sales by 9 percent. Sales volumes increased net sales by 3 percent and net selling prices lowered net sales by 1 percent. Operating profit of \$1,073 increased 1 percent compared to prior year. The comparison benefited from cost savings and higher sales volumes, mostly offset by the impact of unfavorable foreign currency rates.

Net sales in North America increased 2 percent. Sales volumes increased by 6 percent, while net selling prices decreased net sales by 2 percent and product mix was unfavorable by 1 percent. Paper towel volumes rose double-digits led by Viva and bathroom tissue volumes rose high-single digits led by Cottonelle.

Net sales in developing and emerging markets decreased 22 percent. Unfavorable currency rates reduced net sales by 25 percent. Net selling prices increased net sales by 2 percent while volumes increased 1 percent.

Net sales in developed markets outside North America decreased 13 percent. Unfavorable currency effects reduced net sales by 11 percent. Sales volumes decreased 1 percent, mostly in Western/Central Europe, and net selling prices decreased net sales by 1 percent.

| | 2016 | 2015 | 2014 | | 2016 | 2015 | 2014 |
|-----------|----------|----------|----------|------------------|--------|--------|--------|
| Net Sales | \$ 3,150 | \$ 3,219 | \$ 3,388 | Operating Profit | \$ 603 | \$ 590 | \$ 604 |

| Net Sales | Percent Change | | Operating Profit | Percent Change | |
|--------------------------|----------------|---------------|----------------------|----------------|---------------|
| | 2016 vs. 2015 | 2015 vs. 2014 | | 2016 vs. 2015 | 2015 vs. 2014 |
| Volume | — | 2 | Volume | 1 | 3 |
| Net Price | 1 | — | Net Price | 4 | 1 |
| Mix/Other ^(a) | (1) | 2 | Input Costs | (1) | 3 |
| Currency | (2) | (9) | Cost Savings | 9 | 7 |
| Total | (2.1) | (5.0) | Currency Translation | (2) | (13) |
| | | | Other ^(c) | (9) | (3) |
| Organic ^(b) | — | 4 | Total | 2.2 | (2.3) |

^(a)Includes rounding

^(b)Combined impact of changes in volume, net price and mix/other

^(c)Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs

2016 vs. 2015

Net sales of \$3,150 in 2016 decreased 2 percent compared to 2015 as unfavorable currency rate changes decreased sales by about 2 percent, partially offset by changes in net selling prices that increased sales by about 1 percent. Operating profit of \$603 increased 2 percent. The comparison benefited from higher selling prices and cost savings, partially offset by unfavorable currency effects and higher marketing, research and general expenses on a local currency basis.

Net sales in North America increased 2 percent. Sales volumes increased 1 percent, mostly due to growth in washroom products, and the combined impact of changes in net selling prices and product mix increased sales by 1 percent.

Net sales in developing and emerging markets decreased 3 percent as unfavorable changes in currency rates reduced sales by 8 percent. Changes in net selling prices increased sales by 5 percent and product mix improved sales by 1 percent, while sales volumes decreased by 1 percent.

Net sales in developed markets outside North America were down 5 percent, including a 3 percent negative impact from unfavorable currency rates. Changes in net selling prices reduced sales by 2 percent and sales volumes decreased 1 percent, while product mix increased sales by 1 percent.

2015 vs. 2014

In 2015, net sales of \$3.2 billion decreased 5 percent compared to 2014. Unfavorable currency rate changes decreased net sales by 9 percent. Sales volumes and product mix each increased net sales by 2 percent, including sales of nonwovens to Halyard Health, Inc. in conjunction with a near-term supply agreement. Operating profit of \$590 decreased 2 percent. The comparison was impacted by unfavorable currency effects, mostly offset by benefits from organic net sales growth, cost savings and lower input costs.

Net sales in North America increased 1 percent. Sales volumes increased 2 percent, primarily due to growth in wipers, while unfavorable currency effects decreased net sales by 1 percent.

Net sales in developing and emerging markets decreased 15 percent, including a 21 percent decrease from unfavorable changes in currency rates. Volumes increased by 2 percent and the combined impact of changes in net selling prices and product mix improved net sales by 4 percent.

Net sales in developed markets outside North America were down 13 percent. Unfavorable changes in currency rates decreased net sales by 13 percent. Sales volumes increased 1 percent, while the combined impact of changes in overall net selling prices and product mix reduced sales 1 percent.

Unaudited Quarterly Data

| | 2016 | | | | 2015 | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| | Fourth | Third | Second | First | Fourth | Third | Second | First |
| Net Sales | \$ 4,544 | \$ 4,594 | \$ 4,588 | \$ 4,476 | \$ 4,539 | \$ 4,718 | \$ 4,643 | \$ 4,691 |
| Gross Profit | 1,678 | 1,670 | 1,664 | 1,639 | 1,626 | 1,682 | 1,657 | 1,659 |
| Operating Profit (Loss) | 839 | 836 | 838 | 804 | 630 | 779 | (544) | 748 |
| Net Income (Loss) | 518 | 563 | 578 | 560 | 344 | 529 | (293) | 486 |
| Net Income (Loss) Attributable to Kimberly-Clark Corporation | 505 | 550 | 566 | 545 | 333 | 517 | (305) | 468 |
| Per Share Basis-Diluted | 1.40 | 1.52 | 1.56 | 1.50 | 0.91 | 1.41 | (0.83) | 1.27 |
| Cash Dividends Declared Per Share | 0.92 | 0.92 | 0.92 | 0.92 | 0.88 | 0.88 | 0.88 | 0.88 |
| Market Price Per Share | | | | | | | | |
| High | 125.76 | 138.87 | 138.76 | 136.61 | 129.89 | 117.95 | 113.45 | 119.01 |
| Low | 111.30 | 121.20 | 123.52 | 121.50 | 107.79 | 103.04 | 104.53 | 103.67 |
| Close | 114.12 | 126.14 | 137.48 | 134.51 | 127.30 | 109.04 | 105.97 | 107.11 |

Net income (loss) in the fourth quarter of 2015 was impacted by a \$108 pre-tax charge (\$102 after tax) to deconsolidate our Venezuelan operations and a charge of \$49 related to prior years for uncertain tax positions for certain international operations. Results in 2015 also included charges related to pension settlements of \$0.8 billion after tax (\$1.4 billion pre-tax), primarily in the second quarter.

Liquidity and Capital Resources

Cash Provided by Operations

Cash provided by operations was \$3.2 billion in 2016 compared to \$2.3 billion in 2015. The increase was driven by improved working capital and lower pension contributions. Cash provided by operations was \$2.8 billion in 2014. The decrease in 2015 compared to 2014 was driven by higher pension contributions in 2015, the spin-off of the health care business in the fourth quarter of 2014 and increased operating working capital.

Obligations

The following table presents our total contractual obligations for which cash flows are fixed or determinable.

| | Total | 2017 | 2018 | 2019 | 2020 | 2021 | 2022+ |
|-------------------------------------|-----------|----------|----------|----------|----------|--------|----------|
| Long-term debt | \$ 7,416 | \$ 965 | \$ 936 | \$ 711 | \$ 757 | \$ 249 | \$ 3,798 |
| Interest payments on long-term debt | 2,993 | 287 | 238 | 185 | 171 | 153 | 1,959 |
| Operating leases | 597 | 187 | 137 | 94 | 67 | 39 | 73 |
| Unconditional purchase obligations | 1,256 | 681 | 184 | 187 | 197 | 5 | 2 |
| Open purchase orders | 1,754 | 1,644 | 88 | 13 | 5 | 4 | — |
| Total contractual obligations | \$ 14,016 | \$ 3,764 | \$ 1,583 | \$ 1,190 | \$ 1,197 | \$ 450 | \$ 5,832 |

- Projected interest payments for variable-rate debt were calculated based on the outstanding principal amounts and prevailing market rates as of December 31, 2016.
- The unconditional purchase obligations are for the purchase of raw materials, primarily superabsorbent materials, pulp and utilities. Although we are primarily liable for payments on the above operating leases and unconditional purchase obligations, based on historic operating performance and forecasted future cash flows, we believe exposure to losses, if any, under these arrangements is not material.
- The open purchase orders displayed in the table represent amounts for goods and services we have negotiated for delivery.

The table does not include amounts where payments are discretionary or the timing is uncertain. The following payments are not included in the table:

- We will fund our defined benefit pension plans to meet or exceed statutory requirements and currently expect to contribute up to \$100 to these plans in 2017.
- Other postretirement benefit payments are estimated using actuarial assumptions, including expected future service, to project the future obligations. Based upon those projections, we anticipate making annual payments for these obligations ranging from \$59 in 2017 to more than \$61 by 2026.
- Accrued income tax liabilities for uncertain tax positions, deferred taxes and noncontrolling interests.

Investing

Our capital spending was \$0.8 billion in 2016 and \$1.1 billion in 2015. We expect capital spending to be \$850 to \$950 in 2017.

Financing

We issue long-term debt in the public market periodically. Proceeds from the offerings are used for general corporate purposes, including repayment of maturing debt or outstanding commercial paper indebtedness. See Item 8, Note 7 of the consolidated financial statements for details.

Our short-term debt, which consists of U.S. commercial paper with original maturities up to 90 days and/or other similar short-term debt issued by non-U.S. subsidiaries, was \$170 as of December 31, 2016 (included in debt payable within one year on the consolidated balance sheet). The average month-end balance of short-term debt for the fourth quarter of 2016 was \$227 and for the twelve months ended December 31, 2016 was \$512. These short-term borrowings provide supplemental funding for supporting our operations. The level of short-term debt generally fluctuates depending upon the amount of operating cash flows and the timing of customer receipts and payments for items such as pension contributions, dividends and income taxes.

At December 31, 2016, total debt was \$7.6 billion compared to \$7.8 billion at December 31, 2015.

We maintain a \$2.0 billion revolving credit facility which expires in 2021. This facility, currently unused, supports our commercial paper program, and would provide liquidity in the event our access to the commercial paper markets is unavailable for any reason.

We paid \$1.3 billion in dividends in 2016. The Board of Directors approved a dividend increase of 5.4 percent for 2017. We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During 2016, we repurchased 6.0 million shares of our common stock at a cost of \$750 through a broker in the open market. We are targeting full-year 2017 share repurchases of \$800 to \$1,000, subject to market conditions.

Management believes that our ability to generate cash from operations and our capacity to issue short-term and long-term debt are adequate to fund working capital, capital spending, payment of dividends, pension plan contributions and other needs for the foreseeable future. Further, we do not expect restrictions or taxes on repatriation of cash held outside of the United States to have a material effect on our overall business, liquidity, financial condition or results of operations for the foreseeable future.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. The critical accounting policies we used in the preparation of the consolidated financial statements are those that are important both to the presentation of our financial condition and results of operations and require significant judgments by management with regard to estimates used. The critical judgments by management relate to accruals for sales incentives and trade promotion allowances, pension and other postretirement benefits, deferred income taxes and potential income tax assessments. These critical accounting policies have been reviewed with the Audit Committee of the Board of Directors.

Sales Incentives and Trade Promotion Allowances

Trade promotion programs include introductory marketing funds such as slotting fees, cooperative marketing programs, temporary price reductions, end-of-aisle or in-store product displays and other activities conducted by our customers to promote our products. Rebate and promotion accruals are based on estimates of the quantity of customer sales and the promotion accruals also consider estimates of the number of consumer coupons that will be redeemed and timing and costs of activities within the promotional programs. Generally, the estimates for consumer coupon costs are based on historical patterns of coupon redemption, influenced by judgments about current market conditions such as competitive activity in specific product categories. Our related accounting policies are discussed in Item 8, Note 1 to the consolidated financial statements.

Employee Postretirement Benefits

Pension Plans

We have defined benefit pension plans in the United States and the United Kingdom (the "Principal Plans") and/or defined contribution retirement plans covering substantially all regular employees. Certain other subsidiaries have defined benefit pension plans or, in certain countries, termination pay plans covering substantially all regular employees. Our related accounting policies and account balances, as well as the 2015 transaction related to our U.S. pension plan, are discussed in Item 8, Note 9 to the consolidated financial statements.

Changes in certain assumptions could affect pension expense and the benefit obligations, particularly the estimated long-term rate of return on plan assets and the discount rates used to calculate the obligations:

- Long-term rate of return on plan assets. The expected long-term rate of return is evaluated on an annual basis. In setting these assumptions, we consider a number of factors including projected future returns by asset class relative to the target asset allocation. Actual asset allocations are regularly reviewed and they are periodically rebalanced to the targeted allocations when considered appropriate.

As of December 31, 2016, the Principal Plans had cumulative unrecognized investment and actuarial losses of approximately \$1.5 billion. These unrecognized net losses may increase future pension expense if not offset by (i) actual investment returns that exceed the assumed investment returns, (ii) other factors, including reduced pension liabilities arising from higher discount rates used to calculate pension obligations, or (iii) other actuarial gains, including whether such accumulated actuarial losses at each measurement date exceed the "corridor" as required. If the expected long-term rates of return on assets for the Principal Plans were lowered by 0.25 percent, the impact on annual pension expense would not be material in 2017.

- Discount rate. The discount (or settlement) rate used to determine the present value of our future U.S. pension obligation at December 31, 2016 was based on a portfolio of high quality corporate debt securities with cash flows that largely match the expected benefit payments of the plan. For the U.K. plan, the discount rate was determined based on yield curves constructed from a portfolio of high quality corporate debt securities. Each year's expected future benefit payments were discounted to their present value at the appropriate yield curve rate to determine the pension obligations. If the discount rate assumptions for these same plans were reduced by 0.25 percent, the increase in annual pension expense would not be material in 2017, and the December 31, 2016 pension liability would increase by about \$140.
- Other assumptions. There are a number of other assumptions involved in the calculation of pension expense and benefit obligations, primarily related to participant demographics and benefit elections.

Pension expense for defined benefit pension plans is estimated to approximate \$65 in 2017. Pension expense beyond 2017 will depend on future investment performance, our contributions to the pension trusts, changes in discount rates and various other factors related to the covered employees in the plans.

Other Postretirement Benefit Plans

Substantially all U.S. retirees and employees have access to our unfunded healthcare and life insurance benefit plans. Changes in significant assumptions could affect the consolidated expense and benefit obligations, particularly the discount rates used to calculate the obligations and the healthcare cost trend rate:

- Discount rate. The determination of the discount rates used to calculate the benefit obligations of the plans is discussed in the pension benefit section above, and the methodology for each country is the same as the methodology used to determine the discount rate for that country's pension obligation. If the discount rate assumptions for these plans were reduced by 0.25 percent, the impact to 2017 other postretirement benefit expense and the increase in the December 31, 2016 benefit liability would not be material. The discount rates displayed for the two types of obligations for our consolidated operations may appear different due to the unique benefit payments of the plans.
- Healthcare cost trend rate. The healthcare cost trend rate is based on a combination of inputs including our recent claims history and insights from external advisers regarding recent developments in the healthcare marketplace, as well as projections of future trends in the marketplace.

Our related accounting policies, account balances and the effects of a one percentage point change in the healthcare cost trend rate are discussed in Item 8, Note 9 to the consolidated financial statements.

Deferred Income Taxes and Potential Assessments

As a global organization we are subject to income tax requirements in various jurisdictions in the U.S. and internationally. Changes in certain assumptions related to income taxes could significantly affect consolidated results, particularly with regard to valuation allowances on deferred tax assets, unremitted earnings of subsidiaries outside the U.S. and uncertain tax positions:

- Deferred tax assets and related valuation allowances. We have recorded deferred tax assets related to, among other matters, income tax loss carryforwards, income tax credit carryforwards and capital loss carryforwards and have established valuation allowances against these deferred tax assets. These carryforwards are primarily in non-U.S. taxing jurisdictions and in certain states in the U.S. Foreign tax credits earned in the U.S. in current and prior years, which cannot be used currently, also give rise to net deferred tax assets. In determining the valuation allowances to establish against these deferred tax assets, many factors are considered, including the specific taxing jurisdiction, the carryforward period, income tax strategies and forecasted earnings for the entities in each jurisdiction. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.
- Unremitted earnings. As of December 31, 2016, U.S. income taxes and foreign withholding taxes have not been provided on approximately \$8.9 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings are considered by management to be invested indefinitely. However, they would be subject to income tax if they were remitted as dividends, were lent to one of our U.S. entities or if we were to sell our stock in the subsidiaries. It is not practicable to determine the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings. We periodically determine whether our non-U.S. subsidiaries will invest their undistributed earnings indefinitely and reassess this determination, as appropriate.
- Uncertain tax positions. We record our global tax provision based on the respective tax rules and regulations for the jurisdictions in which we operate. Where we believe that a tax position is supportable for income tax purposes, the item is included in our income tax returns. Where treatment of a position is uncertain, a liability is recorded based upon the expected most likely outcome taking into consideration the technical merits of the position based on specific tax regulations and facts of each matter. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities or the expiration of the statute of limitations. We currently believe that the ultimate resolution of matters subject to administrative appeals, litigation or other uncertainty, individually and in the aggregate, will not have a material effect on our business, financial condition, results of operations or liquidity.

Our income tax related accounting policies, account balances and matters affecting income taxes are discussed in Item 8, Note 14 to the consolidated financial statements.

Legal Matters

See Item 8, Note 12 to the consolidated financial statements for information on legal matters.

New Accounting Standards

See Item 8, Note 1 to the consolidated financial statements for a description of new accounting standards and their anticipated effects on our consolidated financial statements.

Business Outlook

In 2017, we plan to continue to execute our Global Business Plan strategies, which include a focus on targeted growth initiatives, innovation and brand building, cost savings programs and shareholder-friendly capital allocation. In 2017, we expect earnings per share in a range of \$6.20 to \$6.35. Our outlook is based on the assumptions described below:

- Organic sales growth is expected to be approximately 2 percent, driven by higher volumes. Net selling prices and product mix are expected to be similar, or up slightly, year-on-year.
- We expect net sales to be similar to the prior year impacted by unfavorable foreign currency exchange rate changes of 2 percent. We also expect unfavorable foreign currency translation effects to negatively impact operating profit growth by 2 percent. Currency transaction effects are also anticipated to negatively impact comparisons.
- We expect operating profit to improve compared to 2016 and to be up 2 to 4 percent compared to adjusted operating profit in 2016.
- We plan to achieve cost savings of at least \$400 from our FORCE program.
- We anticipate the net impact of changes in commodity costs to be between \$50 and \$200 of inflation, primarily due to inflation in international markets.
- We expect an effective tax rate similar to 2016.
- We expect the net income from equity companies to decline due to lower income at K-C de Mexico as a result of a weaker Mexican peso.
- We anticipate capital spending to be in a \$850 to \$950 range and share repurchases to be between \$800 and \$1 billion, subject to market conditions.
- We expect to contribute up to \$100 to our defined benefit pension plans.
- We have increased our quarterly dividend 5.4 percent.

Information Concerning Forward-Looking Statements

Certain matters contained in this report concerning the business outlook, including the anticipated cost savings from our FORCE program, cash flow and uses of cash, growth initiatives, innovations, marketing and other spending, net sales, anticipated currency rates and exchange risks, raw material, energy and other input costs, effective tax rate, contingencies and anticipated transactions of Kimberly-Clark, including dividends, share repurchases and pension contributions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are based upon management's expectations and beliefs concerning future events impacting Kimberly-Clark. There can be no assurance that these future events will occur as anticipated or that our results will be as estimated. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update them.

The assumptions used as a basis for the forward-looking statements include many estimates that, among other things, depend on the achievement of future cost savings and projected volume increases. In addition, many factors outside our control, including fluctuations in foreign currency exchange rates, the prices and availability of our raw materials, potential competitive pressures on selling prices for our products, energy costs and retail trade customer actions, as well as general economic and political conditions globally and in the markets in which we do business, could affect the realization of these estimates.

The factors described under Item 1A, "Risk Factors" in this Form 10-K, or in our other SEC filings, among others, could cause our future results to differ from those expressed in any forward-looking statements made by us or on our behalf. Other factors not presently known to us or that we presently consider immaterial could also affect our business operations and financial results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a multinational enterprise, we are exposed to risks such as changes in foreign currency exchange rates, interest rates and commodity prices. A variety of practices are employed to manage these risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. Derivative instruments are used only for risk management purposes and not for speculation. All foreign currency derivative instruments are entered into with major financial institutions. Our credit exposure under these arrangements is limited to agreements with a positive fair value at the reporting date. Credit risk with respect to the counterparties is actively monitored but is not considered significant since these transactions are executed with a diversified group of financial institutions.

Presented below is a description of our risks (foreign currency risk and interest rate risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period. Also included is a description of our commodity price risk.

Foreign Currency Risk

A portion of our foreign currency risk is managed by the systematic use of foreign currency forward and swap contracts. The use of these instruments allows the management of transactional exposures to exchange rate fluctuations because the gains or losses incurred on the derivative instruments will offset, in whole or in part, losses or gains on the underlying foreign currency exposure.

Foreign currency contracts and transactional exposures are sensitive to changes in foreign currency exchange rates. An annual test is performed to quantify the effects that possible changes in foreign currency exchange rates would have on annual operating profit based on our foreign currency contracts and transactional exposures at the current year-end. The balance sheet effect is calculated by multiplying each affiliate's net monetary asset or liability position by a 10 percent change in the foreign currency exchange rate versus the U.S. dollar.

As of December 31, 2016, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of foreign currencies involving balance sheet transactional exposures would not be material to our consolidated financial position, results of operations or cash flows. This hypothetical loss on transactional exposures is based on the difference between the December 31, 2016 rates and the assumed rates.

The translation of the balance sheets of non-U.S. operations from local currencies into U.S. dollars is also sensitive to changes in foreign currency exchange rates. Consequently, an annual test is performed to determine if changes in currency exchange rates would have a significant effect on the translation of the balance sheets of non-U.S. operations into U.S. dollars. These translation gains or losses are recorded as unrealized translation adjustments ("UTA") within stockholders' equity. The hypothetical change in UTA is calculated by multiplying the net assets of these non-U.S. operations by a 10 percent change in the currency exchange rates. As of December 31, 2016, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of our foreign currency translation exposures would have reduced stockholders' equity by approximately \$650. These hypothetical adjustments in UTA are based on the difference between the December 31, 2016 exchange rates and the assumed rates. In the view of management, the above UTA adjustments resulting from these assumed changes in foreign currency exchange rates are not material to our consolidated financial position because they would not affect our cash flow.

Interest Rate Risk

Interest rate risk is managed through the maintenance of a portfolio of variable- and fixed-rate debt composed of short- and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. At December 31, 2016, the debt portfolio was composed of essentially all fixed-rate debt.

In order to determine the impact of changes in interest rates on our financial position or future results of operations, we calculated the increase or decrease in the market value of fixed-rate debt using a 10 percent change in current market interest rates and the rates governing these instruments. At December 31, 2016, a 10 percent decrease in interest rates would have increased the fair value of fixed-rate debt by about \$227, which would not have a significant impact on our financial statements as we do not record debt at fair value.

Commodity Price Risk

We are subject to commodity price risk, the most significant of which relates to the price of pulp. Selling prices of tissue products are influenced, in part, by the market price for pulp. As previously discussed under Item 1A, "Risk Factors," increases in pulp prices could adversely affect earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in pulp prices. Derivative instruments have not been used to manage these risks.

Our energy, manufacturing and transportation costs are affected by various market factors including the availability of supplies of particular forms of energy, energy prices and local and national regulatory decisions. As previously discussed under Item 1A, "Risk Factors," there can be no assurance we will be fully protected against substantial changes in the price or availability of energy sources. In addition, we are subject to price risk for utilities and manufacturing inputs, used in our manufacturing operations. Derivative instruments are used in accordance with our risk management policy to hedge a limited portion of the price risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENT

| (Millions of dollars, except per share amounts) | Year Ended December 31 | | |
|---|------------------------|------------------|------------------|
| | 2016 | 2015 | 2014 |
| Net Sales | \$ 18,202 | \$ 18,591 | \$ 19,724 |
| Cost of products sold | 11,551 | 11,967 | 13,041 |
| Gross Profit | 6,651 | 6,624 | 6,683 |
| Marketing, research and general expenses | 3,326 | 3,443 | 3,709 |
| Other (income) and expense, net | 8 | 1,568 | 453 |
| Operating Profit | 3,317 | 1,613 | 2,521 |
| Interest income | 11 | 17 | 18 |
| Interest expense | (319) | (295) | (284) |
| Income From Continuing Operations Before Income Taxes and Equity Interests | 3,009 | 1,335 | 2,255 |
| Provision for income taxes | (922) | (418) | (856) |
| Income From Continuing Operations Before Equity Interests | 2,087 | 917 | 1,399 |
| Share of net income of equity companies | 132 | 149 | 146 |
| Income From Continuing Operations | 2,219 | 1,066 | 1,545 |
| Income from discontinued operations, net of income taxes | — | — | 50 |
| Net Income | 2,219 | 1,066 | 1,595 |
| Net income attributable to noncontrolling interests in continuing operations | (53) | (53) | (69) |
| Net Income Attributable to Kimberly-Clark Corporation | \$ 2,166 | \$ 1,013 | \$ 1,526 |
| Per Share Basis | | | |
| Net Income Attributable to Kimberly-Clark Corporation | | | |
| Basic | | | |
| Continuing operations | \$ 6.03 | \$ 2.78 | \$ 3.94 |
| Discontinued operations | — | — | 0.13 |
| Net income | <u>\$ 6.03</u> | <u>\$ 2.78</u> | <u>\$ 4.07</u> |
| Diluted | | | |
| Continuing operations | \$ 5.99 | \$ 2.77 | \$ 3.91 |
| Discontinued operations | — | — | 0.13 |
| Net income | <u>\$ 5.99</u> | <u>\$ 2.77</u> | <u>\$ 4.04</u> |
| Cash Dividends Declared | \$ 3.68 | \$ 3.52 | \$ 3.36 |

See notes to consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (Millions of dollars) | Year Ended December 31 | | |
|--|------------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 |
| Net Income | \$ 2,219 | \$ 1,066 | \$ 1,595 |
| Other Comprehensive Income (Loss), Net of Tax | | | |
| Unrealized currency translation adjustments | (107) | (922) | (835) |
| Employee postretirement benefits | (113) | 942 | (275) |
| Other | 15 | 5 | 20 |
| Total Other Comprehensive Income (Loss), Net of Tax | (205) | 25 | (1,090) |
| Comprehensive Income | 2,014 | 1,091 | 505 |
| Comprehensive income attributable to noncontrolling interests | (44) | (33) | (57) |
| Comprehensive Income Attributable to Kimberly-Clark Corporation | \$ 1,970 | \$ 1,058 | \$ 448 |

See notes to consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

| (Millions of dollars) | December 31 | |
|--|------------------|------------------|
| | 2016 | 2015 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 923 | \$ 619 |
| Accounts receivable, net | 2,176 | 2,281 |
| Inventories | 1,679 | 1,909 |
| Other current assets | 337 | 617 |
| Total Current Assets | 5,115 | 5,426 |
| Property, Plant and Equipment, Net | 7,169 | 7,104 |
| Investments in Equity Companies | 257 | 247 |
| Goodwill | 1,480 | 1,446 |
| Other Assets | 581 | 619 |
| TOTAL ASSETS | \$ 14,602 | \$ 14,842 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Debt payable within one year | \$ 1,133 | \$ 1,669 |
| Trade accounts payable | 2,609 | 2,612 |
| Accrued expenses | 1,775 | 1,750 |
| Dividends payable | 329 | 318 |
| Total Current Liabilities | 5,846 | 6,349 |
| Long-Term Debt | 6,439 | 6,106 |
| Noncurrent Employee Benefits | 1,301 | 1,137 |
| Deferred Income Taxes | 532 | 766 |
| Other Liabilities | 309 | 380 |
| Redeemable Preferred Securities of Subsidiaries | 58 | 64 |
| Stockholders' Equity | | |
| Kimberly-Clark Corporation | | |
| Preferred stock - no par value - authorized 20.0 million shares, none issued | — | — |
| Common stock - \$1.25 par value - authorized 1.2 billion shares; issued 378.6 million shares at December 31, 2016 and 2015 | 473 | 473 |
| Additional paid-in capital | 697 | 609 |
| Common stock held in treasury, at cost - 22.0 and 17.7 million shares at December 31, 2016 and 2015, respectively | (3,629) | (2,972) |
| Retained earnings | 5,831 | 4,994 |
| Accumulated other comprehensive income (loss) | (3,474) | (3,278) |
| Total Kimberly-Clark Corporation Stockholders' Equity (Deficit) | (102) | (174) |
| Noncontrolling Interests | 219 | 214 |
| Total Stockholders' Equity | 117 | 40 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 14,602 | \$ 14,842 |

See notes to consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

| (Millions of dollars, shares in thousands) | Common Stock Issued | | Additional Paid-in Capital | Treasury Stock | | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests |
|---|---------------------|--------|----------------------------|----------------|------------|-------------------|---|--------------------------|
| | Shares | Amount | | Shares | Amount | | | |
| Balance at December 31, 2013 | 428,597 | \$ 536 | \$ 594 | 47,798 | \$ (3,746) | \$ 9,714 | \$ (2,242) | \$ 284 |
| Net income in stockholders' equity | — | — | — | — | — | 1,526 | — | 39 |
| Other comprehensive income, net of tax | — | — | — | — | — | — | (1,078) | (11) |
| Stock-based awards exercised or vested | — | — | (54) | (2,783) | 180 | — | — | — |
| Income tax benefits on stock-based compensation | — | — | 32 | — | — | — | — | — |
| Shares repurchased | — | — | — | 18,246 | (2,031) | — | — | — |
| Recognition of stock-based compensation | — | — | 52 | — | — | — | — | — |
| Dividends declared | — | — | — | — | — | (1,256) | — | (43) |
| Spin-off of health care business | — | — | — | — | — | (1,505) | 9 | — |
| Other | — | — | 8 | — | — | (9) | (1) | 1 |
| Balance at December 31, 2014 | 428,597 | 536 | 632 | 63,261 | (5,597) | 8,470 | (3,312) | 270 |
| Net income in stockholders' equity | — | — | — | — | — | 1,013 | — | 48 |
| Other comprehensive income, net of tax | — | — | — | — | — | — | 45 | (20) |
| Stock-based awards exercised or vested | — | — | (47) | (2,888) | 186 | — | — | — |
| Income tax benefits on stock-based compensation | — | — | 32 | — | — | — | — | — |
| Shares repurchased | — | — | — | 7,364 | (833) | — | — | — |
| Shares retired | (50,000) | (63) | — | (50,000) | 3,272 | (3,209) | — | — |
| Recognition of stock-based compensation | — | — | 75 | — | — | — | — | — |
| Dividends declared | — | — | — | — | — | (1,280) | — | (36) |
| Shares purchased from noncontrolling interest | — | — | (94) | — | — | — | (12) | (45) |
| Other | — | — | 11 | — | — | — | 1 | (3) |
| Balance at December 31, 2015 | 378,597 | 473 | 609 | 17,737 | (2,972) | 4,994 | (3,278) | 214 |
| Net income in stockholders' equity | — | — | — | — | — | 2,166 | — | 49 |
| Other comprehensive income, net of tax | — | — | — | — | — | — | (196) | (8) |
| Stock-based awards exercised or vested | — | — | (14) | (1,906) | 121 | — | — | — |
| Income tax benefits on stock-based compensation | — | — | 19 | — | — | — | — | — |
| Shares repurchased | — | — | — | 6,198 | (778) | — | — | — |
| Recognition of stock-based compensation | — | — | 77 | — | — | — | — | — |
| Dividends declared | — | — | — | — | — | (1,322) | — | (36) |
| Other | — | — | 6 | — | — | (7) | — | — |
| Balance at December 31, 2016 | 378,597 | \$ 473 | \$ 697 | 22,029 | \$ (3,629) | \$ 5,831 | \$ (3,474) | \$ 219 |

See notes to consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT

| (Millions of dollars) | Year Ended December 31 | | |
|---|------------------------|----------------|----------------|
| | 2016 | 2015 | 2014 |
| Operating Activities | | | |
| Net income | \$ 2,219 | \$ 1,066 | \$ 1,595 |
| Depreciation and amortization | 705 | 746 | 862 |
| Stock-based compensation | 77 | 75 | 52 |
| Deferred income taxes | (15) | (255) | 63 |
| Equity companies' earnings (in excess of) less than dividends paid | (4) | (10) | 28 |
| Decrease (increase) in operating working capital | 334 | (445) | (176) |
| Postretirement benefits | (50) | 930 | (102) |
| Adjustments related to Venezuelan operations | (11) | 153 | 462 |
| Other | (23) | 46 | 61 |
| Cash Provided by Operations | 3,232 | 2,306 | 2,845 |
| Investing Activities | | | |
| Capital spending | (771) | (1,056) | (1,039) |
| Proceeds from sales of investments | 28 | — | 127 |
| Investments in time deposits | (221) | (146) | (151) |
| Maturities of time deposits | 188 | 164 | 239 |
| Other | 44 | (12) | 54 |
| Cash Used for Investing | (732) | (1,050) | (770) |
| Financing Activities | | | |
| Cash dividends paid | (1,311) | (1,272) | (1,256) |
| Change in short-term debt | (908) | 303 | 721 |
| Debt proceeds | 1,293 | 1,100 | 1,257 |
| Debt repayments | (598) | (553) | (123) |
| Redemption of redeemable preferred securities of subsidiary | — | — | (500) |
| Proceeds from exercise of stock options | 107 | 140 | 127 |
| Acquisitions of common stock for the treasury | (739) | (861) | (1,939) |
| Cash transferred to Halyard Health, Inc. related to spin-off | — | — | (120) |
| Shares purchased from noncontrolling interest | — | (151) | — |
| Other | (29) | (4) | (60) |
| Cash Used for Financing | (2,185) | (1,298) | (1,893) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (11) | (128) | (447) |
| Increase (Decrease) in Cash and Cash Equivalents | 304 | (170) | (265) |
| Cash and Cash Equivalents - Beginning of Year | 619 | 789 | 1,054 |
| Cash and Cash Equivalents - End of Year | \$ 923 | \$ 619 | \$ 789 |

See notes to consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting Policies

Basis of Presentation

The consolidated financial statements present the accounts of Kimberly-Clark Corporation and all subsidiaries in which it has a controlling financial interest as if they were a single economic entity in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany transactions and accounts are eliminated in consolidation. The terms "Corporation," "Kimberly-Clark," "we," "our," and "us" refer to Kimberly-Clark Corporation and all subsidiaries in which it has a controlling financial interest. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

In 2014, we completed the spin-off of our health care business, creating a stand-alone, publicly traded health care company, Halyard Health, Inc. ("Halyard"), by distributing 100 percent of the outstanding shares of Halyard to holders of our common stock. See Note 3 for more information.

Accounting for Venezuelan Operations

Effective December 31, 2015, we deconsolidated the assets and liabilities of our business in Venezuela from our consolidated balance sheet and moved to the cost method of accounting for our operations in that country. As of the first quarter of 2016, we no longer include the results of our Venezuelan business in our consolidated financial statements. The change resulted in the recognition of an after tax charge of \$102 in 2015 and other income of \$11 related to an updated assessment in 2016. In addition, we recorded a non-deductible charge of \$45 and \$462 in 2015 and 2014, respectively, related to a balance sheet remeasurement. Net sales of K-C Venezuela were insignificant in 2015 and 2014.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting periods. Actual results could differ from these estimates, and changes in these estimates are recorded when known. Estimates are used in accounting for, among other things, sales incentives and trade promotion allowances, employee postretirement benefits, and deferred income taxes and potential assessments.

Cash Equivalents

Cash equivalents are short-term investments with an original maturity date of three months or less.

Inventories and Distribution Costs

Most U.S. inventories are valued at the lower of cost, using the Last-In, First-Out ("LIFO") method, or market. The balance of the U.S. inventories and inventories of consolidated operations outside the U.S. are valued at the lower of cost and net realizable value using either the First-In, First-Out ("FIFO") or weighted-average cost methods. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Distribution costs are classified as cost of products sold.

Property and Depreciation

Property, plant and equipment are stated at cost and are depreciated on the straight-line method. Buildings are depreciated over their estimated useful lives, primarily 40 years. Machinery and equipment are depreciated over their estimated useful lives, primarily ranging from 16 to 20 years. Purchases of computer software, including external costs and certain internal costs (including payroll and payroll-related costs of employees) directly associated with developing significant computer software applications for internal use, are capitalized. Computer software costs are amortized on the straight-line method over the estimated useful life of the software, which generally does not exceed 5 years.

Estimated useful lives are periodically reviewed and, when warranted, changes are made to them. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss would be indicated when estimated undiscounted future cash flows from the use and eventual disposition of an asset group, which are identifiable and largely independent of the cash flows of other asset groups, are less than the carrying amount of the asset group. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset group

over its fair value. Fair value is measured using discounted cash flows or independent appraisals, as appropriate. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the consolidated balance sheet and any gain or loss on the transaction is included in income.

Goodwill and Other Intangible Assets

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill is not amortized, but rather is assessed for impairment annually and whenever events and circumstances indicate that impairment may have occurred. Impairment testing compares the reporting unit carrying amount of goodwill with its fair value. If the reporting unit carrying amount of goodwill exceeds its fair value, an impairment charge would be recorded. In our evaluation of goodwill impairment, we have the option to first assess qualitative factors such as macroeconomic, industry and competitive conditions, legal and regulatory environment, historical and projected financial performance, significant changes in the reporting unit and the magnitude of excess fair value over carrying amount from the previous quantitative impairment testing. If the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a quantitative impairment test using discounted cash flows to estimate fair value must be performed. On the other hand, if the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is more than its carrying value, then further quantitative testing is not required. For 2016, we completed the required annual assessment of goodwill for impairment for all of our reporting units using a qualitative assessment as of the first day of the third quarter, and determined that it is more likely than not that the fair value is more than the carrying amount for each of our reporting units.

Intangible assets with finite lives are amortized over their estimated useful lives and are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Estimated useful lives range from 2 to 20 years for trademarks, 5 to 15 years for patents and developed technologies, and 5 to 15 years for other intangible assets. An impairment loss would be indicated when estimated undiscounted future cash flows from the use of the asset are less than its carrying amount. An impairment loss would be measured as the difference between the fair value (based on discounted future cash flows) and the carrying amount of the asset.

Investments in Equity Companies

Investments in companies which we do not control but over which we have the ability to exercise significant influence and that, in general, are at least 20 percent-owned by us, are stated at cost plus equity in undistributed net income. These investments are evaluated for impairment when warranted. An impairment loss would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In judging "other than temporary," we would consider the length of time and extent to which the fair value of the equity company investment has been less than the carrying amount, the near-term and longer-term operating and financial prospects of the equity company, and our longer-term intent of retaining the investment in the equity company.

Revenue Recognition

Sales revenue is recognized at the time of product shipment or delivery, depending on when title passes, to unaffiliated customers, and when all of the following have occurred: a firm sales agreement is in place, pricing is fixed or determinable, and collection is reasonably assured. Sales are reported net of returns, consumer and trade promotions, rebates and freight allowed. Taxes imposed by governmental authorities on our revenue-producing activities with customers, such as sales taxes and value-added taxes, are excluded from net sales.

Sales Incentives and Trade Promotion Allowances

The cost of promotion activities provided to customers is classified as a reduction in sales revenue. In addition, the estimated redemption value of consumer coupons is recorded at the time the coupons are issued and classified as a reduction in sales revenue. Rebate and promotion accruals are based on estimates of the quantity of customer sales and the promotion accruals also consider estimates of the number of consumer coupons that will be redeemed and timing and costs of activities within the promotional programs.

Advertising Expense

Advertising costs are expensed in the year the related advertisement or campaign is first presented by the media. For interim reporting purposes, advertising expenses are charged to operations as a percentage of sales based on estimated sales and related advertising expense for the full year.

Research Expense

Research and development costs are charged to expense as incurred.

Foreign Currency Translation

The income statements of foreign operations, other than those in highly inflationary economies, are translated into U.S. dollars at rates of exchange in effect each month. The balance sheets of these operations are translated at period-end exchange rates, and the differences from historical exchange rates are reflected in stockholders' equity as unrealized translation adjustments.

Derivative Instruments and Hedging

Our policies allow the use of derivatives for risk management purposes and prohibit their use for speculation. Our policies also prohibit the use of any leveraged derivative instrument. Consistent with our policies, foreign currency derivative instruments, interest rate swaps and locks, and the majority of commodity hedging contracts are entered into with major financial institutions. At inception we formally designate certain derivatives as cash flow, fair value or net investment hedges and establish how the effectiveness of these hedges will be assessed and measured. This process links the derivatives to the transactions or financial balances they are hedging. Changes in the fair value of derivatives not designated as hedging instruments are recorded in earnings as they occur. All derivative instruments are recorded as assets or liabilities on the balance sheet at fair value. Changes in the fair value of derivatives are either recorded in the income statement or other comprehensive income, as appropriate. The gain or loss on derivatives designated as fair value hedges and the offsetting loss or gain on the hedged item attributable to the hedged risk are included in income in the period that changes in fair value occur. The effective portion of the gain or loss on derivatives designated as cash flow hedges is included in other comprehensive income in the period that changes in fair value occur, and is reclassified to income in the same period that the hedged item affects income. The gain or loss on derivatives designated as hedges of investments in foreign subsidiaries is recognized in other comprehensive income to offset the change in value of the net investments being hedged. Any ineffective portion of cash flow hedges and net investment hedges is immediately recognized in income. Certain foreign-currency derivative instruments not designated as hedging instruments have been entered into to manage a portion of our foreign currency transactional exposures. The gain or loss on these derivatives is included in income in the period that changes in their fair values occur. See Note 13 for disclosures about derivative instruments and hedging activities.

New Accounting Standards

In 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. Under the new guidance, a lessee will be required to recognize assets and liabilities for all leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The ASU requires additional disclosures. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The ASU requires adoption based upon a modified retrospective transition approach. Early adoption is permitted. The effects of this standard on our financial position, results of operations and cash flows are not yet known.

In 2016, the FASB issued ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718)*. The new guidance simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public companies, the amendments in this standard are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The effects of this standard on our financial position, results of operations and cash flows are not expected to be material.

In 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)* providing guidance on eight specific cash flow statement classification matters. The amendments in this standard are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The amendments in this standard should be applied using a retrospective transition method to each period presented. We will early adopt this ASU as of January 2017. The effects of this standard on our financial position, results of operations and cash flows are not expected to be material.

In 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which removes the prohibition in ASC 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. The ASU is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted for all entities as of the

beginning of a fiscal year for which neither the annual or interim (if applicable) financial statements have been issued. The ASU should be applied on a modified retrospective basis, recognizing the effects in retained earnings as of the beginning of the year of adoption. The effects of this standard on our financial position, results of operations and cash flows are not yet known.

In 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which amends ASC 820, *Fair Value Measurement*. This ASU removes the requirement to categorize within the fair value hierarchy investments without readily determinable fair values in entities that elect to measure fair value using net asset value per share or its equivalent. The ASU requires that sufficient information be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the statement of financial position. We adopted this ASU in 2016 retrospectively. See Notes 5 and 9 for disclosure of investments that use net asset value per share or its equivalent to measure fair value.

In 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. Under this ASU, a reporting entity is required to classify all deferred tax assets and liabilities as noncurrent in a classified balance sheet. Current guidance requiring the offsetting of deferred tax assets and liabilities of a tax-paying component of an entity and presentation as a single noncurrent amount is not affected. We early adopted this ASU prospectively and our 2016 consolidated balance sheet reflects the new guidance for classification of deferred taxes. Prior periods were not recasted.

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most current revenue recognition guidance. In 2016, the FASB issued four amendments to the ASU. The standard is effective for public companies for annual and interim periods beginning after December 15, 2017. We will adopt this ASU effective January 1, 2018. The guidance is required to be adopted on either a full or modified retrospective basis. As this standard is not expected to have a material impact on our financial position, results of operations and cash flows on either a full or modified retrospective basis, we do not plan to recast prior periods.

Note 2. 2014 Organization Restructuring

In 2014, we initiated a restructuring plan in order to improve organization efficiency and offset the impact of stranded overhead costs resulting from the spin-off of our health care business. The restructuring was intended to improve our underlying profitability and increase our flexibility to invest in targeted growth initiatives, brand building and other capabilities critical to delivering future growth. The restructuring impacted all of our business segments and our organizations in all major geographies.

The restructuring actions were completed by December 31, 2016, with total costs, primarily severance, of \$164 after tax (\$231 pre-tax). Charges were recorded in the following income statement line items:

| | Year Ended December 31 | | |
|--|------------------------|--------------|--------------|
| | 2016 | 2015 | 2014 |
| Cost of products sold | \$ 6 | \$ 23 | \$ 40 |
| Marketing, research and general expenses | 32 | 40 | 93 |
| Other (income) and expense, net | (3) | — | — |
| Provision for income taxes | (8) | (21) | (38) |
| Net charges | <u>\$ 27</u> | <u>\$ 42</u> | <u>\$ 95</u> |

Cash payments of \$60 and \$86 were made during 2016 and 2015, respectively.

Note 3. Spin-Off of Health Care Business and Related Costs

On October 31, 2014, we completed the spin-off of our health care business, and each of our stockholders of record as of the close of business on October 23, 2014 (the "Record Date") received one share of Halyard common stock for every 8 shares of our common stock held as of the Record Date. The distribution was structured to be tax free to our U.S. stockholders for U.S. federal income tax purposes. After the distribution, we do not beneficially own any shares of Halyard common stock.

To evaluate, plan and execute the spin-off, we incurred \$157 of pre-tax charges (\$138 after tax) in transaction and related costs, including the exit of one of Halyard's health care glove manufacturing facilities in Thailand and outsourcing of the related production. These charges and the related tax impact are recorded in Income from discontinued operations, net of income taxes.

Note 4. European Strategic Changes

In 2012, we approved strategic changes related to our Western and Central European consumer and professional businesses to focus our resources and investments on stronger market positions and growth opportunities. Restructuring actions related to the strategic changes involved the sale or closure of five of our European manufacturing facilities and streamlining of our administrative organization. After tax charges of \$30 were incurred in connection with the European strategic changes in 2014.

Note 5. Fair Value Information

The following fair value information is based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels in the hierarchy used to measure fair value are:

Level 1—Unadjusted quoted prices in active markets accessible at the reporting date for identical assets and liabilities.

Level 2—Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets and liabilities in markets that are not considered active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3—Prices or valuations that require inputs that are significant to the valuation and are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

During 2016 and 2015, there were no significant transfers among level 1, 2 or 3 fair value determinations.

Company-owned life insurance ("COLI") assets and derivative assets and liabilities are measured on a recurring basis at fair value. COLI assets were \$61 and \$57 at December 31, 2016 and 2015, respectively. The COLI policies are a source of funding primarily for our nonqualified employee benefits and are included in other assets. The COLI policies are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

At December 31, 2016 and 2015, derivative assets were \$43 and \$56, respectively, and derivative liabilities were \$46 and \$42, respectively. The fair values of derivatives used to manage interest rate risk and commodity price risk are based on LIBOR rates and interest rate swap curves and NYMEX price quotations, respectively. The fair value of hedging instruments used to manage foreign currency risk is based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates. Measurement of our derivative assets and liabilities is considered a level 2 measurement. Additional information on our classification and use of derivative instruments is contained in Note 13.

Redeemable preferred securities of subsidiaries are measured on a recurring basis at fair value and were \$58 and \$64 at December 31, 2016 and 2015, respectively. They are not traded in active markets. For certain redeemable securities, fair values were calculated using a floating rate pricing model that compared the stated spread to the fair value spread to determine the price at which each of the financial instruments should trade. The model used the following inputs to calculate fair values: face value, current LIBOR rate, unobservable fair value credit spread, stated spread, maturity date and interest or dividend payment dates. The fair value of the remaining redeemable securities was based on various inputs, including an independent third-party appraisal, adjusted for current market conditions. Measurement of the redeemable preferred securities is considered a level 3 measurement.

The following table includes the fair value of our financial instruments for which disclosure of fair value is required:

| | Fair Value Hierarchy Level | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
|--|----------------------------|-------------------|----------------------|-------------------|----------------------|
| | | December 31, 2016 | | December 31, 2015 | |
| Assets | | | | | |
| Cash and cash equivalents ^(a) | 1 | \$ 923 | \$ 923 | \$ 619 | \$ 619 |
| Time deposits and other ^(b) | 1 | 138 | 138 | 124 | 124 |
| Liabilities | | | | | |
| Short-term debt ^(c) | 2 | 170 | 170 | 1,071 | 1,071 |
| Long-term debt ^(d) | 2 | 7,402 | 7,886 | 6,704 | 7,300 |

- (a) Cash equivalents are composed of certificates of deposit, time deposits and other interest-bearing investments with original maturity dates of 90 days or less. Cash equivalents are recorded at cost, which approximates fair value.
- (b) Time deposits are composed of deposits with original maturities of more than 90 days but less than one year and instruments with original maturities of greater than one year, included in other current assets or other assets in the consolidated balance sheet, as appropriate. Other, included in other current assets, is composed of funds held in escrow. Time deposits and other are recorded at cost, which approximates fair value.
- (c) Short-term debt is composed of U.S. commercial paper and/or other similar short-term debt issued by non-U.S. subsidiaries, all of which are recorded at cost, which approximates fair value.
- (d) Long-term debt includes the current portion of these debt instruments. Fair values were estimated based on quoted prices for financial instruments for which all significant inputs were observable, either directly or indirectly.

Note 6. Intangible Assets

The changes in the carrying amount of goodwill by business segment are as follows:

| | Personal Care | Consumer Tissue | K-C Professional | Total |
|------------------------------|---------------|-----------------|------------------|----------|
| Balance at December 31, 2014 | \$ 625 | \$ 594 | \$ 409 | \$ 1,628 |
| Currency | (92) | (70) | (20) | (182) |
| Balance at December 31, 2015 | 533 | 524 | 389 | 1,446 |
| Currency | 16 | 14 | 4 | 34 |
| Balance at December 31, 2016 | \$ 549 | \$ 538 | \$ 393 | \$ 1,480 |

Intangible assets subject to amortization consist of the following at December 31:

| | 2016 | | 2015 | |
|------------------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Trademarks | \$ 108 | \$ 79 | \$ 109 | \$ 77 |
| Patents and developed technologies | 47 | 14 | 47 | 11 |
| Other | 58 | 37 | 60 | 34 |
| Total | \$ 213 | \$ 130 | \$ 216 | \$ 122 |

Note 7. Debt and Redeemable Preferred Securities of Subsidiaries

Long-term debt is composed of the following:

| | Weighted-Average Interest Rate | Maturities | December 31 | |
|---|--------------------------------|-------------|-------------|----------|
| | | | 2016 | 2015 |
| Notes and debentures | 4.3% | 2017 - 2046 | \$ 7,101 | \$ 6,396 |
| Industrial development revenue bonds | 0.2% | 2018 - 2045 | 264 | 264 |
| Bank loans and other financings in various currencies | 5.4% | 2017 - 2028 | 37 | 44 |
| Total long-term debt | | | 7,402 | 6,704 |
| Less current portion | | | 963 | 598 |
| Long-term portion | | | \$ 6,439 | \$ 6,106 |

Scheduled maturities of long-term debt for the next five years are \$965 in 2017, \$936 in 2018, \$711 in 2019, \$757 in 2020 and \$249 in 2021.

In July 2016, we issued \$500 aggregate principal amount of 3.20% notes due July 30, 2046. Proceeds from the offering were used for general corporate purposes, including repayment of a portion of our outstanding commercial paper indebtedness.

In February 2016, we issued \$400 aggregate principal amount of 1.40% notes due February 15, 2019 and \$400 aggregate principal amount of 2.75% notes due February 15, 2026. Proceeds from the offering were used for general corporate purposes, including repayment of a portion of our outstanding notes and commercial paper indebtedness.

In August 2015, we issued \$250 aggregate principal amount of 2.15% notes due August 2020 and \$300 aggregate principal amount of 3.05% notes due August 2025. Proceeds from the offering were used to repay \$300 of notes due in August 2015 and to pay down a portion of our outstanding commercial paper balance.

In February 2015, we issued \$250 aggregate principal amount of 1.85% notes due March 2020 and \$250 aggregate principal amount of 2.65% notes due March 2025. Proceeds from the offering were used for general corporate purposes, including pension contribution payments.

In 2015, at our election, we redeemed \$200 of dealer remarketable securities.

In October 2014, we issued debt of \$640 aggregate principal amount that was transferred to Halyard as part of the spin-off.

In May 2014, we issued \$300 aggregate principal amount of floating rate notes due May 19, 2016 and \$300 aggregate principal amount of 1.9% notes due May 22, 2019. Proceeds from the offering were used for general corporate purposes and repurchases of common stock.

We maintain a \$2.0 billion revolving credit facility which expires in 2021. This facility, currently unused, supports our commercial paper program, and would provide liquidity in the event our access to the commercial paper markets is unavailable for any reason.

Redeemable Preferred Securities of Subsidiaries

Our subsidiary in Central America has outstanding redeemable securities that are held by a noncontrolling interest and another noncontrolling interest holds certain redeemable preferred securities issued by one of our subsidiaries in North America. In December 2014, we redeemed \$0.5 billion preferred securities in our Luxembourg-based financing subsidiary, and accordingly, the subsidiary became wholly-owned by Kimberly-Clark.

Note 8. Stock-Based Compensation

We have a stock-based Equity Participation Plan and an Outside Directors' Compensation Plan (the "Plans"), under which we can grant stock options, restricted shares and restricted share units to employees and outside directors. As of December 31, 2016, the number of shares of common stock available for grants under the Plans aggregated 18 million shares.

Stock options are granted at an exercise price equal to the fair market value of our common stock on the date of grant, and they have a term of 10 years. Stock options are subject to graded vesting whereby options vest 30 percent at the end of each of the first two 12-month periods following the grant and 40 percent at the end of the third 12-month period.

Restricted shares, time-vested restricted share units and performance-based restricted share units granted to employees are valued at the closing market price of our common stock on the grant date and vest generally at the end of three years. The number of performance-based share units that ultimately vest ranges from zero to 200 percent of the number granted, based on performance tied to return on invested capital ("ROIC") and net sales during the three-year performance period. ROIC and net sales targets are set at the beginning of the performance period. Restricted share units granted to outside directors are valued at the closing market price of our common stock on the grant date and vest when they are granted. The restricted period begins on the date of grant and expires on the date the outside director retires from or otherwise terminates service on our Board.

At the time stock options are exercised or restricted shares and restricted share units become payable, common stock is issued from our accumulated treasury shares. Dividend equivalents are credited on restricted share units on the same date and at the same rate as dividends are paid on Kimberly-Clark's common stock. These dividend equivalents, net of estimated forfeitures, are charged to retained earnings.

Stock-based compensation costs of \$77, \$75 and \$52 and related deferred income tax benefits of \$28, \$29 and \$19 were recognized for 2016, 2015 and 2014, respectively.

The fair value of stock option awards was determined using a Black-Scholes-Merton option-pricing model utilizing a range of assumptions related to dividend yield, volatility, risk-free interest rate, and employee exercise behavior. Dividend yield is based on historical experience and expected future dividend actions. Expected volatility is based on a blend of historical volatility and implied volatility from traded options on Kimberly-Clark's common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. We estimate forfeitures based on historical data.

The weighted-average fair value of options granted was estimated at \$10.95, \$7.39 and \$7.89, in 2016, 2015 and 2014, respectively, per option on the date of grant based on the following assumptions:

| | Year Ended December 31 | | |
|-------------------------|------------------------|-------|-------|
| | 2016 | 2015 | 2014 |
| Dividend yield | 3.1% | 3.5% | 3.5% |
| Volatility | 16.0% | 13.4% | 13.4% |
| Risk-free interest rate | 1.2% | 1.5% | 1.7% |
| Expected life - years | 4.6 | 4.8 | 5.0 |

Total remaining unrecognized compensation costs and amortization period are as follows:

| | December 31, 2016 | Weighted-Average Service Years |
|--|-------------------|--------------------------------|
| Nonvested stock options | \$ 10 | 1.4 |
| Restricted shares and time-vested restricted share units | 6 | 1.5 |
| Nonvested performance-based restricted share units | 53 | 1.8 |

Excess tax benefits, resulting from tax deductions in excess of the compensation cost recognized, aggregating \$19, \$37 and \$37 were classified as other cash inflows under Financing Activities in the consolidated cash flow statement for the years ended December 31, 2016, 2015 and 2014, respectively.

A summary of stock-based compensation is presented below:

| Stock Options | Shares (in thousands) | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|----------------------------------|--|--|--------------------------------------|
| Outstanding at January 1, 2016 | 6,590 | \$ 92.35 | | |
| Granted | 1,627 | 126.17 | | |
| Exercised | (1,249) | 85.75 | | |
| Forfeited or expired | (175) | 112.24 | | |
| Outstanding at December 31, 2016 | 6,793 | 101.16 | 6.62 | \$ 107 |
| Exercisable at December 31, 2016 | 3,667 | 86.87 | 4.86 | \$ 100 |

The total intrinsic value of options exercised during the years ended December 31, 2016, 2015 and 2014 was \$55, \$83 and \$79, respectively.

| Other Stock-Based Awards | Time-Vested Restricted Share Units | | Performance-Based Restricted Share Units | |
|---------------------------------|---|--|---|--|
| | Shares (in thousands) | Weighted- Average Grant-Date Fair Value | Shares (in thousands) | Weighted- Average Grant-Date Fair Value |
| Nonvested at January 1, 2016 | 102 | \$ 108.91 | 1,761 | \$ 107.51 |
| Granted | 75 | 120.96 | 625 | 126.05 |
| Vested | (61) | 107.17 | (646) | 101.17 |
| Forfeited | (5) | 116.53 | (98) | 113.41 |
| Nonvested at December 31, 2016 | 111 | 117.63 | 1,642 | 116.53 |

The total fair value of restricted share units that were distributed to participants during 2016, 2015 and 2014 was \$83, \$99 and \$102, respectively.

Note 9. Employee Postretirement Benefits

Substantially all regular employees in the U.S. and the United Kingdom are covered by defined benefit pension plans (the "Principal Plans") and/or defined contribution retirement plans. Certain other subsidiaries have defined benefit pension plans or, in certain countries, termination pay plans covering substantially all regular employees. The funding policy for our qualified defined benefit pension plans is to contribute assets at least equal in amount to regulatory minimum requirements. Nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code are not funded.

Substantially all U.S. retirees and employees have access to our unfunded healthcare and life insurance benefit plans. The annual increase in the consolidated weighted-average healthcare cost trend rate is expected to be 6.0 percent in 2017 and to decline to 4.6 percent in 2028 and thereafter. Assumed healthcare cost trend rates affect the amounts reported for postretirement healthcare benefit plans. A one-percentage-point change in assumed healthcare trend rates would not have a significant effect on our financial results.

Effective January 2015, the U.S. pension plan was amended to include a lump-sum pension benefit payout option for certain plan participants. In addition, in April 2015, the U.S. pension plan completed the purchase of group annuity contracts that transferred to two insurance companies the pension benefit obligations totaling \$2.5 billion for approximately 21,000 Kimberly-Clark retirees in the United States. As a result of these changes, we recognized pension settlement-related charges of \$0.8 billion after tax (\$1.4 billion pre-tax in other (income) and expense, net) during 2015, mostly in the second quarter. In 2015, we made cash contributions of \$410 related to these changes to the U.S. plan.

Summarized financial information about postretirement plans, excluding defined contribution retirement plans, is presented below:

| | Pension Benefits | | Other Benefits | |
|--|------------------------|----------|----------------|----------|
| | Year Ended December 31 | | | |
| | 2016 | 2015 | 2016 | 2015 |
| Change in Benefit Obligation | | | | |
| Benefit obligation at beginning of year | \$ 3,959 | \$ 6,860 | \$ 717 | \$ 788 |
| Service cost | 42 | 38 | 11 | 12 |
| Interest cost | 148 | 187 | 33 | 32 |
| Actuarial loss (gain) | 501 | (150) | 41 | (53) |
| Currency and other | (304) | (139) | 9 | (8) |
| Benefit payments from plans | (202) | (235) | — | — |
| Direct benefit payments | (15) | (12) | (53) | (54) |
| Settlements | (3) | (2,590) | — | — |
| Benefit obligation at end of year | 4,126 | 3,959 | 758 | 717 |
| Change in Plan Assets | | | | |
| Fair value of plan assets at beginning of year | 3,508 | 5,914 | — | — |
| Actual return on plan assets | 413 | 54 | — | — |
| Employer contributions | 108 | 484 | — | — |
| Currency and other | (290) | (119) | — | — |
| Benefit payments | (202) | (235) | — | — |
| Settlements | (3) | (2,590) | — | — |
| Fair value of plan assets at end of year | 3,534 | 3,508 | — | — |
| Funded Status | \$ (592) | \$ (451) | \$ (758) | \$ (717) |

Substantially all of the funded status of pension and other benefits is recognized in the consolidated balance sheet in noncurrent employee benefits, and the remainder is recognized in accrued expenses and other assets.

Information for the Principal Plans and All Other Pension Plans

| | Principal Plans | | All Other Pension Plans | | Total | |
|--|------------------------|----------|-------------------------|--------|----------|----------|
| | Year Ended December 31 | | | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Projected benefit obligation (“PBO”) | \$ 3,427 | \$ 3,295 | \$ 699 | \$ 664 | \$ 4,126 | \$ 3,959 |
| Accumulated benefit obligation (“ABO”) | 3,378 | 3,253 | 622 | 594 | 4,000 | 3,847 |
| Fair value of plan assets | 3,011 | 3,019 | 523 | 489 | 3,534 | 3,508 |

Approximately one-half of the PBO and fair value of plan assets for the Principal Plans relate to the U.S. qualified and nonqualified pension plans.

Information for Pension Plans with an ABO in Excess of Plan Assets

| | December 31 | |
|---------------------------|-------------|----------|
| | 2016 | 2015 |
| PBO | \$ 3,807 | \$ 2,115 |
| ABO | 3,736 | 2,096 |
| Fair value of plan assets | 3,243 | 1,696 |

Components of Net Periodic Benefit Cost

| | Pension Benefits | | | Other Benefits | | |
|---|------------------------|----------|--------|----------------|-------|-------|
| | Year Ended December 31 | | | | | |
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| Service cost | \$ 42 | \$ 38 | \$ 46 | \$ 11 | \$ 12 | \$ 13 |
| Interest cost | 148 | 187 | 279 | 33 | 32 | 35 |
| Expected return on plan assets ^(a) | (158) | (215) | (332) | — | — | — |
| Recognized net actuarial loss | 52 | 75 | 100 | — | — | — |
| Settlements | 1 | 1,357 | 20 | — | — | — |
| Other | (9) | (10) | (3) | (1) | (1) | (1) |
| Net periodic benefit cost | \$ 76 | \$ 1,432 | \$ 110 | \$ 43 | \$ 43 | \$ 47 |

(a) The expected return on plan assets is determined by multiplying the fair value of plan assets at the remeasurement date, typically the prior year-end adjusted for estimated current year cash benefit payments and contributions, by the expected long-term rate of return.

Weighted-Average Assumptions Used to Determine Net Cost for Years Ended December 31

| | Pension Benefits | | | | Other Benefits | | |
|--|------------------|-------|-------|-------|----------------|-------|-------|
| | Projected 2017 | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| Discount rate | 3.19% | 3.91% | 3.86% | 4.66% | 4.59% | 4.28% | 4.97% |
| Expected long-term return on plan assets | 4.46% | 4.84% | 5.21% | 5.98% | — | — | — |
| Rate of compensation increase | 2.29% | 2.32% | 2.63% | 2.67% | — | — | — |

Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31

| | Pension Benefits | | Other Benefits | |
|-------------------------------|------------------|-------|----------------|-------|
| | 2016 | 2015 | 2016 | 2015 |
| Discount rate | 3.19% | 3.91% | 4.29% | 4.59% |
| Rate of compensation increase | 2.29% | 2.32% | — | — |

Investment Strategies for the Principal Plans

Strategic asset allocation decisions are made considering several risk factors, including plan participants' retirement benefit security, the estimated payments of the associated liabilities, the plan funded status, and Kimberly-Clark's financial condition. The resulting strategic asset allocation is a diversified blend of equity and fixed income investments. Equity investments are typically diversified across geographies and market capitalization. Fixed income investments are diversified across multiple sectors including government issues and corporate debt instruments with a portfolio duration that is consistent with the estimated payment of the associated liability. Actual asset allocation is regularly reviewed and periodically rebalanced to the strategic allocation when considered appropriate. Our 2017 target plan asset allocation for the Principal Plans is 70 percent fixed income securities and 30 percent equity securities.

The expected long-term rate of return is evaluated on an annual basis. In setting this assumption, we consider a number of factors including projected future returns by asset class relative to the current asset allocation. The weighted-average expected long-term rate of return on pension fund assets used to calculate pension expense for the Principal Plans was 5.10 percent in 2016 compared with 5.35 percent in 2015 and will be 4.72 percent in 2017.

Set forth below are the pension plan assets of the Principal Plans measured at fair value, by level in the fair-value hierarchy. More than 90 percent of the assets are held in pooled funds and are measured using a net asset value (or its equivalent). Accordingly, such assets do not meet the Level 1, Level 2, or Level 3 criteria of the fair value hierarchy.

| | Fair Value Measurements at December 31, 2016 | | |
|--|--|--|---|
| | Total Plan Assets | Assets at Quoted Prices in Active Markets for Identical Assets (Level 1) | Assets at Significant Observable Inputs (Level 2) |
| Cash and Cash Equivalents | | | |
| Held directly | \$ 33 | \$ 33 | \$ — |
| Held through mutual and pooled funds measured at net asset value | 17 | — | — |
| Fixed Income | | | |
| Held directly | | | |
| U.S. government and municipals | 122 | 122 | — |
| Held through mutual and pooled funds measured at net asset value | | | |
| U.S. government and municipals | 128 | — | — |
| U.S. corporate debt | 648 | — | — |
| International bonds | 1,223 | — | — |
| Equity | | | |
| Held directly | | | |
| U.S. equity | 41 | 41 | — |
| International equity | 44 | 44 | — |
| Held through mutual and pooled funds measured at net asset value | | | |
| Non-U.S. equity | 68 | — | — |
| Global equity | 687 | — | — |
| Total Plan Assets | \$ 3,011 | \$ 240 | \$ — |

For the U.S. pension plan, Treasury futures contracts are used when appropriate to manage duration targets. As of December 31, 2016 and December 31, 2015, the U.S. plan had Treasury futures contracts in place with a total notional value of approximately \$216 and \$15, respectively and an insignificant fair value.

| | Fair Value Measurements at December 31, 2015 | | |
|--|--|--|---|
| | Total Plan Assets | Assets at Quoted Prices in Active Markets for Identical Assets (Level 1) | Assets at Significant Observable Inputs (Level 2) |
| Cash and Cash Equivalents | | | |
| Held directly | \$ 14 | \$ 12 | \$ 2 |
| Held through mutual and pooled funds measured at net asset value | 34 | — | — |
| Fixed Income | | | |
| Held directly | | | |
| U.S. government and municipals | 157 | 141 | 16 |
| U.S. corporate debt | 21 | — | 21 |
| Held through mutual and pooled funds measured at net asset value | | | |
| U.S. government and municipals | 149 | — | — |
| U.S. corporate debt | 623 | — | — |
| International bonds | 1,236 | — | — |
| Equity | | | |
| Held directly | | | |
| U.S. equity | 58 | 58 | — |
| International equity | 30 | 30 | — |
| Held through mutual and pooled funds measured at net asset value | | | |
| Non-U.S. equity | 67 | — | — |
| Global equity | 630 | — | — |
| Total Plan Assets | \$ 3,019 | \$ 241 | \$ 39 |

During 2016 and 2015, the plan assets did not include a significant amount of Kimberly-Clark common stock.

Inputs and valuation techniques used to measure the fair value of plan assets vary according to the type of security being valued. Substantially all of the equity securities held directly by the plans are actively traded and fair values are determined based on quoted market prices. Fair values of U.S. Treasury securities are determined based on trading activity in the marketplace.

Fair values of U.S. corporate debt, U.S. securitized fixed income and international bonds are typically determined by reference to the values of similar securities traded in the marketplace and current interest rate levels. Multiple pricing services are typically employed to assist in determining these valuations.

Fair values of equity securities and fixed income securities held through units of pooled funds are based on net asset value of the units of the pooled fund determined by the fund manager. Pooled funds are similar in nature to retail mutual funds, but are typically more efficient for institutional investors. The fair value of pooled funds is determined by the value of the underlying assets held by the fund and the units outstanding.

Equity securities held directly by the pension trusts and those held through units in pooled funds are monitored as to issuer and industry. Except for U.S. Treasuries, concentrations of fixed income securities are similarly monitored for concentrations by issuer and industry. As of December 31, 2016, there were no significant concentrations of equity or debt securities in any single issuer or industry.

We expect to contribute up to \$100 to our defined benefit pension plans in 2017. Over the next ten years, we expect that the following gross benefit payments will occur:

| | Pension Benefits | Other Benefits |
|-----------|------------------|----------------|
| 2017 | \$ 225 | \$ 59 |
| 2018 | 242 | 59 |
| 2019 | 239 | 60 |
| 2020 | 247 | 61 |
| 2021 | 248 | 62 |
| 2022-2026 | 1,236 | 303 |

Defined Contribution Pension Plans

Our 401(k) profit sharing plan and supplemental plan provide for a matching contribution of a U.S. employee's contributions and accruals, subject to predetermined limits, as well as a discretionary profit sharing contribution, in which contributions will be based on our profit performance. We also have defined contribution pension plans for certain employees outside the U.S. Costs charged to expense for our defined contribution pension plans were \$126, \$107 and \$121 in 2016, 2015 and 2014, respectively. Approximately one-third of these costs were for plans outside the U.S.

Note 10. Stockholders' Equity

During 2015, we acquired the remaining 49.9 percent interest in our subsidiary in Israel, Hogla-Kimberly, Ltd., for \$151. As our subsidiary in Turkey was wholly-owned by our subsidiary in Israel, through this acquisition we also effectively acquired the remaining 49.9 percent interest in our subsidiary in Turkey, Kimberly-Clark Tuketim Mallari Sanayi ve Ticaret A.s. The purchase of additional ownership in an already controlled subsidiary is treated as an equity transaction with no gain or loss recognized in consolidated net income or comprehensive income. The effect of the change in ownership interest is as follows:

| | 2015 |
|---|----------|
| Net Income Attributable to Kimberly-Clark Corporation | \$ 1,013 |
| Decrease in Kimberly-Clark Corporation's additional paid-in capital for acquisition | (94) |
| Change from net income attributable to Kimberly-Clark Corporation and transfers to noncontrolling interests | \$ 919 |

Accumulated Other Comprehensive Income/Loss

The changes in the components of accumulated other comprehensive income ("AOCI") attributable to Kimberly-Clark, net of tax, are as follows:

| | Unrealized Translation | Defined Benefit Pension Plans | Other Postretirement Benefit Plans | Cash Flow Hedges and Other |
|--|---------------------------|----------------------------------|--|----------------------------------|
| Balance as of December 31, 2014 | \$ (1,335) | \$ (1,924) | \$ (37) | \$ (16) |
| Other comprehensive income (loss) before reclassifications | (942) | 39 | 35 | 53 |
| (Income) loss reclassified from AOCI | 37 ^(a) | 872 ^(b) | (1) ^(b) | (48) |
| Net current period other comprehensive income (loss) | (905) | 911 | 34 | 5 |
| Shares purchased from noncontrolling interests and other | (12) | — | — | 1 |
| Balance as of December 31, 2015 | (2,252) | (1,013) | (3) | (10) |
| Other comprehensive income (loss) before reclassifications | (99) | (115) | (27) | 33 |
| (Income) loss reclassified from AOCI | — | 31 ^(b) | (1) ^(b) | (18) |
| Net current period other comprehensive income (loss) | (99) | (84) | (28) | 15 |
| Balance as of December 31, 2016 | <u>\$ (2,351)</u> | <u>\$ (1,097)</u> | <u>\$ (31)</u> | <u>\$ 5</u> |

(a) Included in other (income) and expense, net as part of the charge related to the deconsolidation of our Venezuelan operations at December 31, 2015 (see Note 1).

(b) Included in computation of net periodic pension and postretirement benefits costs (see Note 9).

Included in the defined benefit pension plans and other postretirement benefit plans balances as of December 31, 2016 is \$1,162 and \$34 of unrecognized net actuarial loss and unrecognized net prior service credit, respectively, of which \$57 and \$9 pre-tax, respectively, are expected to be recognized as a component of net periodic benefit cost in 2017.

The changes in the components of AOCI attributable to Kimberly-Clark, including the tax effect, are as follows:

| | Year Ended December 31 | | |
|--|------------------------|-----------------|-------------------|
| | 2016 | 2015 | 2014 |
| Unrealized translation | \$ (88) | \$ (882) | \$ (826) |
| Tax effect | (11) | (23) | 7 |
| | <u>(99)</u> | <u>(905)</u> | <u>(819)</u> |
| Defined benefit pension plans | | | |
| Unrecognized net actuarial loss and transition amount | | | |
| Funded status recognition | (230) | (4) | (624) |
| Amortization included in net periodic benefit cost | 52 | 75 | 100 |
| 2015 U.S. plan settlements (recorded in Other (income) and expense, net) | — | 1,355 | — |
| Currency and other | 81 | 42 | 69 |
| | <u>(97)</u> | <u>1,468</u> | <u>(455)</u> |
| Unrecognized prior service cost/credit | | | |
| Funded status recognition | (1) | 4 | 42 |
| Amortization included in net periodic benefit cost | (8) | (12) | (7) |
| Currency and other | (6) | (2) | (3) |
| | <u>(15)</u> | <u>(10)</u> | <u>32</u> |
| Tax effect | 28 | (547) | 167 |
| | <u>(84)</u> | <u>911</u> | <u>(256)</u> |
| Other postretirement benefit plans | | | |
| Unrecognized net actuarial loss and transition amount and other | (45) | 55 | (36) |
| Tax effect | 17 | (21) | 14 |
| | <u>(28)</u> | <u>34</u> | <u>(22)</u> |
| Cash flow hedges and other | | | |
| Recognition of effective portion of hedges | 44 | 66 | 18 |
| Amortization included in net income | (20) | (53) | (5) |
| Currency and other | (4) | (7) | 2 |
| Tax effect | (5) | (1) | 3 |
| | <u>15</u> | <u>5</u> | <u>18</u> |
| Other | — | (11) | 9 |
| Change in AOCI | \$ (196) | \$ 34 | \$ (1,070) |

Amounts are reclassified from AOCI into cost of products sold, marketing, research and general expenses, interest expense or other (income) and expense, net, as applicable, in the consolidated income statement.

Net unrealized currency gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries, except those in highly inflationary economies, are recorded in AOCI. For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation adjustments are recorded in AOCI rather than net income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable unrealized translation adjustment would be removed from AOCI and reported as part of the gain or loss on the sale or liquidation. The change in unrealized translation in 2016 is primarily due to the weakening of most foreign currencies versus the U.S. dollar, including the British pound sterling, euro, and Korean won, partially offset by the strengthening of the Brazilian real. Also included in unrealized translation amounts are the effects of foreign exchange rate changes on intercompany balances of a long-term investment nature and transactions designated as hedges of net foreign investments.

Note 11. Leases and Commitments

We have entered into operating leases for certain warehouse facilities, automobiles and equipment. The future minimum obligations under operating leases having a noncancelable term in excess of one year are as follows:

| | Year Ending December 31 |
|----------------------------|-------------------------|
| 2017 | \$ 187 |
| 2018 | 137 |
| 2019 | 94 |
| 2020 | 67 |
| 2021 | 39 |
| Thereafter | 73 |
| Future minimum obligations | <u>\$ 597</u> |

Consolidated rental expense under operating leases was \$271, \$279 and \$303 in 2016, 2015 and 2014, respectively.

We have entered into long-term contracts for the purchase of superabsorbent materials, pulp and certain utilities. Commitments under these contracts based on current prices are \$681 in 2017, \$184 in 2018, \$187 in 2019, \$197 in 2020 and beyond the year 2020 are not significant.

Although we are primarily liable for payments on the above-mentioned leases and purchase commitments, our exposure to losses, if any, under these arrangements is not material.

Note 12. Legal Matters

We are subject to various legal proceedings, claims and governmental inquiries, inspections, audits or investigations pertaining to issues such as contract disputes, product liability, tax matters, patents and trademarks, advertising, pricing, business practices, governmental regulations, employment and other matters. Although the results of litigation and claims cannot be predicted with certainty, we believe that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material adverse effect, individually or in the aggregate, on our business, financial condition, results of operations or liquidity.

We are subject to federal, state and local environmental protection laws and regulations with respect to our business operations and are operating in compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. We have been named a potentially responsible party under the provisions of the U.S. federal Comprehensive Environmental Response, Compensation and Liability Act, or analogous state statutes, at a number of sites where hazardous substances are present. None of our compliance obligations with environmental protection laws and regulations, individually or in the aggregate, is expected to have a material adverse effect on our business, liquidity, financial condition or results of operations.

Note 13. Objectives and Strategies for Using Derivatives

As a multinational enterprise, we are exposed to financial risks, such as changes in foreign currency exchange rates, interest rates, and commodity prices. We employ a number of practices to manage these risks, including operating and financing activities and, where appropriate, the use of derivative instruments. We enter into derivative instruments to hedge a portion of forecasted cash flows denominated in foreign currencies for non-U.S. operations' purchases of raw materials, which are priced in U.S. dollars, and imports of intercompany finished goods and work-in-process priced predominantly in U.S. dollars and euros. The derivative instruments used to manage these exposures are designated and qualify as cash flow hedges. The foreign currency exposure on certain non-functional currency denominated monetary assets and liabilities, primarily intercompany loans and accounts payable, is hedged with primarily undesignated derivative instruments.

Interest rate risk is managed using a portfolio of variable and fixed-rate debt composed of short and long-term instruments. Interest rate swap contracts may be used to facilitate the maintenance of the desired ratio of variable and fixed-rate debt and are designated and qualify as fair value hedges. From time to time, we also hedge the anticipated issuance of fixed-rate debt and those contracts are designated as cash flow hedges.

We use derivative instruments, such as forward swap contracts, to hedge a limited portion of our exposure to market risk arising from changes in prices of certain commodities. These derivatives are designated as cash flow hedges of specific quantities of the underlying commodity expected to be purchased in future months.

Translation adjustments result from translating foreign entities' financial statements into U.S. dollars from their functional currencies. The risk to any particular entity's net assets is reduced to the extent that the entity is financed with local currency borrowing. Translation exposure, which results from changes in translation rates between functional currencies and the U.S. dollar, generally is not hedged.

Set forth below is a summary of the fair values of our derivative instruments:

| | Assets | | Liabilities | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| Foreign currency exchange contracts | \$ 38 | \$ 56 | \$ 44 | \$ 27 |
| Commodity price contracts | 5 | — | 2 | 15 |
| Total | \$ 43 | \$ 56 | \$ 46 | \$ 42 |

The derivative assets are included in the consolidated balance sheet in other current assets and other assets, as appropriate. The derivative liabilities are included in the consolidated balance sheet in accrued expenses and other liabilities, as appropriate.

Derivative instruments that are designated and qualify as fair value hedges are predominantly used to manage interest rate risk. The fair values of these derivative instruments are recorded as an asset or liability, as appropriate, with the offset recorded in current earnings. The offset to the change in fair values of the related hedged items also is recorded in current earnings. Any realized gain or loss on the derivatives that hedge interest rate risk is amortized to interest expense over the life of the related debt. At December 31, 2016 there were no outstanding interest rate contracts designated as fair value hedges. Fair value hedges resulted in no significant ineffectiveness in each of the three years ended December 31, 2016, and gains or losses recognized in interest expense were not significant. For each of the three years ended December 31, 2016, no gain or loss was recognized in earnings as a result of a hedged firm commitment no longer qualifying as a fair value hedge.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is initially recorded in AOCI, net of related income taxes, and recognized in earnings in the same period that the hedged exposure affects earnings. As of December 31, 2016, outstanding commodity forward contracts were in place to hedge a limited portion of our estimated requirements of the related underlying commodities in 2017 and future periods. As of December 31, 2016, the aggregate notional values of outstanding foreign exchange derivative contracts designated as cash flow hedges was \$740 and there were no outstanding interest rate derivative contracts designated as cash flow hedges. Cash flow hedges resulted in no significant ineffectiveness in each of the three years ended December 31, 2016, and no gains or losses were reclassified into earnings as a result of the discontinuance of cash flow hedges due to the original forecast transaction no longer being probable of occurring. At December 31, 2016, amounts to be reclassified from AOCI during the next twelve months are not expected to be material. The maximum maturity of cash flow hedges in place at December 31, 2016 is January 2019.

Gains or losses on undesignated foreign exchange hedging instruments are immediately recognized in other (income) and expense, net. Losses of \$30, \$188 and \$192 were recorded in the years ending December 31, 2016, 2015 and 2014, respectively. The effect on earnings from the use of these non-designated derivatives is substantially neutralized by the transactional gains and losses recorded on the underlying assets and liabilities. At December 31, 2016, the notional amount of these undesignated derivative instruments was \$1.9 billion.

Note 14. Income Taxes

An analysis of the provision for income taxes follows:

| | Year Ended December 31 | | |
|----------------------------------|------------------------|--------|--------|
| | 2016 | 2015 | 2014 |
| Current income taxes | | | |
| United States | \$ 523 | \$ 223 | \$ 350 |
| State | 53 | 56 | 48 |
| Other countries | 361 | 394 | 387 |
| Total | 937 | 673 | 785 |
| Deferred income taxes | | | |
| United States | (40) | (180) | 67 |
| State | 31 | (74) | (16) |
| Other countries | (6) | (1) | 20 |
| Total | (15) | (255) | 71 |
| Total provision for income taxes | \$ 922 | \$ 418 | \$ 856 |

Income from continuing operations before income taxes is earned in the following tax jurisdictions:

| | Year Ended December 31 | | |
|----------------------------------|------------------------|----------|----------|
| | 2016 | 2015 | 2014 |
| United States | \$ 2,088 | \$ 451 | \$ 1,571 |
| Other countries | 921 | 884 | 684 |
| Total income before income taxes | \$ 3,009 | \$ 1,335 | \$ 2,255 |

Deferred income tax assets and liabilities are composed of the following:

| | December 31 | |
|---|-------------|----------|
| | 2016 | 2015 |
| Deferred tax assets | | |
| Pension and other postretirement benefits | \$ 499 | \$ 682 |
| Tax credits and loss carryforwards | 450 | 443 |
| Share based compensation | 86 | 82 |
| Other | 512 | 517 |
| | 1,547 | 1,724 |
| Valuation allowances | (225) | (274) |
| Total deferred tax assets | 1,322 | 1,450 |
| Deferred tax liabilities | | |
| Pension and other postretirement benefits | 15 | 254 |
| Property, plant and equipment, net | 1,079 | 1,118 |
| Investments in subsidiaries | 190 | 186 |
| Goodwill | 83 | 64 |
| Other | 253 | 217 |
| Total deferred tax liabilities | 1,620 | 1,839 |
| Net deferred tax assets (liabilities) | \$ (298) | \$ (389) |

Valuation allowances at the end of 2016 primarily relate to tax credits, capital loss carryforwards, and income tax loss carryforwards of \$0.7 billion. If these items are not utilized against taxable income, \$473 of the income tax loss carryforwards will expire from 2017 through 2036. The remaining \$251 have no expiration date.

Realization of income tax loss carryforwards is dependent on generating sufficient taxable income prior to expiration of these carryforwards. Although realization is not assured, we believe it is more likely than not that all of the deferred tax assets, net of applicable valuation allowances, will be realized. The amount of the deferred tax assets considered realizable could be reduced or increased due to changes in the tax environment or if estimates of future taxable income change during the carryforward period.

Presented below is a reconciliation of the income tax provision computed at the U.S. federal statutory tax rate to the actual effective tax rate:

| | Year Ended December 31 | | |
|---|------------------------|--------|--------|
| | 2016 | 2015 | 2014 |
| U.S. statutory rate applied to income before income taxes | 35.0 % | 35.0 % | 35.0 % |
| Rate of state income taxes, net of federal tax benefit | 1.8 | (0.9) | 0.7 |
| Statutory rates other than U.S. statutory rate | (2.7) | (6.9) | (3.0) |
| Venezuela deconsolidation, balance sheet remeasurement and inflationary impacts | (0.1) | 4.5 | 4.9 |
| Uncertain tax positions adjustment ^(a) | — | 3.7 | — |
| Routine tax incentives | (4.0) | (7.4) | (3.6) |
| Net tax cost on foreign income | 0.1 | 5.1 | 3.6 |
| Other - net ^(b) | 0.5 | (1.8) | 0.4 |
| Effective income tax rate | 30.6 % | 31.3 % | 38.0 % |

(a) In 2015, we updated our assessment of uncertain tax positions for certain international operations and as a result we recorded an immaterial income tax charge of \$49 related to prior years.

(b) Other - net is composed of numerous items, none of which is greater than 1.75 percent of income before income taxes.

At December 31, 2016, U.S. income taxes and foreign withholding taxes have not been provided on \$8.9 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings, which are considered to be invested indefinitely, would become subject to income tax if they were remitted as dividends, were lent to one of our U.S. entities, or if we were to sell our stock in the subsidiaries. Determination of the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings is not practicable because of the complexities associated with this hypothetical calculation. We do not expect restrictions or taxes on repatriation of cash held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations in the foreseeable future.

Presented below is a reconciliation of the beginning and ending amounts of unrecognized income tax benefits:

| | 2016 | 2015 | 2014 |
|---|--------|--------|--------|
| Balance at January 1 | \$ 406 | \$ 416 | \$ 473 |
| Gross increases for tax positions of prior years | 20 | 80 | 36 |
| Gross decreases for tax positions of prior years | (104) | (61) | (91) |
| Gross increases for tax positions of the current year | 39 | 59 | 87 |
| Settlements | (29) | (63) | (77) |
| Other | (11) | (25) | (12) |
| Balance at December 31 | \$ 321 | \$ 406 | \$ 416 |

Of the amounts recorded as unrecognized tax benefits at December 31, 2016, \$251 would reduce our effective tax rate if recognized.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. During each of the three years ended December 31, 2016, the net impact in interest and penalties was not significant. Total accrued penalties and net accrued interest was \$47 and \$40 at December 31, 2016 and 2015, respectively.

It is reasonably possible that a number of uncertainties could be resolved within the next 12 months. The aggregate resolution of the uncertainties could be up to \$140, while none of the uncertainties is individually significant. Resolution of these matters is not expected to have a material effect on our financial condition, results of operations or liquidity.

As of December 31, 2016, the following tax years remain subject to examination for the major jurisdictions where we conduct business:

| <u>Jurisdiction</u> | <u>Years</u> |
|---------------------|--------------|
| United States | 2014 to 2016 |
| United Kingdom | 2012 to 2016 |
| Brazil | 2011 to 2016 |
| Korea | 2014 to 2016 |
| China | 2007 to 2016 |

Our U.S. federal income tax returns have been audited through 2013. We have various federal income tax return positions in administrative appeals for 2004, 2005, 2007 and 2010 through 2013.

State income tax returns are generally subject to examination for a period of 3 to 5 years after filing of the respective return. The state effect of any changes to filed federal positions remains subject to examination by various states for a period of up to two years after formal notification to the states. We have various state income tax return positions in the process of examination, administrative appeals or litigation.

Note 15. Earnings Per Share ("EPS")

There are no adjustments required to be made to net income for purposes of computing basic and diluted EPS. The average number of common shares outstanding is reconciled to those used in the basic and diluted EPS computations as follows:

| <u>(Millions of shares)</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|
| Basic | 359.4 | 363.8 | 374.5 |
| Dilutive effect of stock options and restricted share unit awards | 2.3 | 2.5 | 2.9 |
| Diluted | 361.7 | 366.3 | 377.4 |

Options outstanding that were not included in the computation of diluted EPS because their exercise price was greater than the average market price of the common shares were insignificant. The number of common shares outstanding as of December 31, 2016, 2015 and 2014 was 356.6 million, 360.9 million and 365.3 million, respectively.

Note 16. Business Segment Information

We are organized into operating segments based on product groupings. These operating segments have been aggregated into three reportable global business segments: Personal Care, Consumer Tissue and KCP. The reportable segments were determined in accordance with how our chief operating decision maker and our executive managers develop and execute global strategies to drive growth and profitability. These strategies include global plans for branding and product positioning, technology, research and development programs, cost reductions including supply chain management, and capacity and capital investments for each of these businesses. Segment management is evaluated on several factors, including operating profit. Segment operating profit excludes other (income) and expense, net and income and expense not associated with the business segments.

The principal sources of revenue in each global business segment are described below:

- *Personal Care* brands offer our consumers a trusted partner in caring for themselves and their families by delivering confidence, protection and discretion through a wide variety of innovative solutions and products such as disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Kotex, U by Kotex, Intimus, Depend, Plenitud, Poise and other brand names.
- *Consumer Tissue* offers a wide variety of innovative solutions and trusted brands that touch and improve people's lives every day. Products in this segment include facial and bathroom tissue, paper towels, napkins and related products, and are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Neve and other brand names.
- *K-C Professional* partners with businesses to create Exceptional Workplaces, helping to make them healthier, safer and more productive through a range of solutions and supporting products such as wipers, tissue, towels, apparel, soaps and sanitizers. Our brands, including Kleenex, Scott, WypAll, Kimtech and Jackson Safety, are well-known for quality and trusted to help people around the world work better.

Net sales to Wal-Mart Stores, Inc. were approximately 14 percent in 2016 and 2015, and 13 percent in 2014 of our total net sales.

Information concerning consolidated operations by business segment is presented in the following tables:

Consolidated Operations by Business Segment

| | Year Ended December 31 | | |
|--|------------------------|------------------|------------------|
| | 2016 | 2015 | 2014 |
| NET SALES^(a) | | | |
| Personal Care | \$ 9,046 | \$ 9,204 | \$ 9,635 |
| Consumer Tissue | 5,967 | 6,121 | 6,645 |
| K-C Professional | 3,150 | 3,219 | 3,388 |
| Corporate & Other | 39 | 47 | 56 |
| TOTAL NET SALES | \$ 18,202 | \$ 18,591 | \$ 19,724 |
| OPERATING PROFIT^(b) | | | |
| Personal Care | \$ 1,857 | \$ 1,885 | \$ 1,803 |
| Consumer Tissue | 1,117 | 1,073 | 1,062 |
| K-C Professional | 603 | 590 | 604 |
| Corporate & Other ^(c) | (252) | (367) | (495) |
| Other (income) and expense, net ^(d) | 8 | 1,568 | 453 |
| TOTAL OPERATING PROFIT | \$ 3,317 | \$ 1,613 | \$ 2,521 |

(a) Net sales in the United States to third parties totaled \$8,874, \$8,819 and \$8,573 in 2016, 2015 and 2014, respectively.

(b) Segment operating profit excludes other (income) and expense, net and income and expenses not associated with the business segments.

(c) Corporate & Other includes charges related to the 2014 Organization Restructuring of \$38, \$63 and \$133 in 2016, 2015 and 2014, respectively, and \$5 and \$41 related to the remeasurement of the Venezuelan balance sheet in 2015 and 2014, respectively. Corporate & Other also includes charges of \$23 for restructuring in Turkey in 2015, and \$33 related to European strategic changes in 2014.

(d) Other (income) and expense, net for 2016 and 2015 includes income of \$11 and a charge of \$108, respectively, related to the deconsolidation of our Venezuelan operations, and for 2015 and 2014 includes charges of \$40 and \$421, respectively, related to the remeasurement of the Venezuelan balance sheet. In addition, 2015 includes \$1,358 for charges related to pension settlements, and 2014 includes a charge of \$35 related to a regulatory dispute in the Middle East.

| | Personal Care | Consumer Tissue | K-C Professional | Corporate & Other | Ongoing Operations | Health Care Business (Spun-off) | Consolidated Total |
|--------------------------------------|------------------|--------------------|---------------------|----------------------|-----------------------|---------------------------------------|-----------------------|
| Depreciation and Amortization | | | | | | | |
| 2016 | \$ 305 | \$ 280 | \$ 116 | \$ 4 | \$ 705 | \$ — | \$ 705 |
| 2015 | 340 | 282 | 121 | 3 | 746 | — | 746 |
| 2014 | 359 | 299 | 132 | 3 | 793 | 69 | 862 |
| Assets | | | | | | | |
| 2016 | 6,141 | 4,761 | 2,151 | 1,549 | 14,602 | — | 14,602 |
| 2015 | 6,330 | 5,050 | 2,264 | 1,198 | 14,842 | — | 14,842 |
| 2014 | 6,373 | 5,229 | 2,339 | 1,585 | 15,526 | — | 15,526 |
| Capital Spending | | | | | | | |
| 2016 | 421 | 250 | 95 | 5 | 771 | — | 771 |
| 2015 | 590 | 344 | 116 | 6 | 1,056 | — | 1,056 |
| 2014 | 501 | 314 | 143 | 6 | 964 | 75 | 1,039 |

Sales of Principal Products

| (Billions of dollars) | 2016 | 2015 | 2014 |
|--------------------------------------|----------------|----------------|----------------|
| Consumer tissue products | \$ 6.0 | \$ 6.1 | \$ 6.6 |
| Baby and child care products | 6.4 | 6.6 | 7.0 |
| Away-from-home professional products | 3.1 | 3.2 | 3.4 |
| All other | 2.7 | 2.7 | 2.7 |
| Consolidated | <u>\$ 18.2</u> | <u>\$ 18.6</u> | <u>\$ 19.7</u> |

Note 17. Supplemental Data

Supplemental Income Statement Data

| | Year Ended December 31 | | |
|---------------------|------------------------|--------|--------|
| | 2016 | 2015 | 2014 |
| Advertising expense | \$ 665 | \$ 710 | \$ 767 |
| Research expense | 328 | 324 | 368 |

Equity Companies' Data

| | Net Sales | Gross Profit | Operating Profit | Net Income | Corporation's Share of Net Income |
|------|--------------|-----------------|---------------------|---------------|---|
| 2016 | \$ 2,138 | \$ 720 | \$ 454 | \$ 276 | \$ 132 |
| 2015 | 2,255 | 773 | 497 | 308 | 149 |
| 2014 | 2,452 | 781 | 485 | 304 | 146 |

| | Current Assets | Non- Current Assets | Current Liabilities | Non- Current Liabilities | Stockholders' Equity |
|------|-------------------|---------------------------|------------------------|--------------------------------|-------------------------|
| 2016 | \$ 963 | \$ 1,168 | \$ 531 | \$ 1,046 | \$ 554 |
| 2015 | 1,103 | 993 | 508 | 1,068 | 520 |
| 2014 | 1,016 | 1,040 | 690 | 963 | 403 |

Equity companies are principally engaged in operations in the personal care and consumer tissue businesses. At December 31, 2016, our ownership interest in Kimberly-Clark de Mexico, S.A.B. de C.V. and subsidiaries was 47.9%. Kimberly-Clark de Mexico, S.A.B. de C.V. is partially owned by the public, and its stock is publicly traded in Mexico. At December 31, 2016, our investment in this equity company was \$188, and the estimated fair value of the investment was \$2.7 billion based on the market price of publicly traded shares. Our other equity ownership interests are not significant to our consolidated balance sheet or financial results.

At December 31, 2016, unremitted net income of equity companies included in consolidated retained earnings was \$1.1 billion.

Supplemental Balance Sheet Data

| | December 31 | |
|--|-----------------|-----------------|
| | 2016 | 2015 |
| <u>Summary of Accounts Receivable, Net</u> | | |
| From customers | \$ 2,077 | \$ 2,017 |
| Other | 167 | 329 |
| Less allowance for doubtful accounts and sales discounts | (68) | (65) |
| Total | <u>\$ 2,176</u> | <u>\$ 2,281</u> |

| | December 31 | | | | | |
|--|---------------|-----------------|-----------------|---------------|-----------------|-----------------|
| | 2016 | | | 2015 | | |
| | LIFO | Non-LIFO | Total | LIFO | Non-LIFO | Total |
| <u>Summary of Inventories by Major Class</u> | | | | | | |
| Raw materials | \$ 93 | \$ 236 | \$ 329 | \$ 100 | \$ 297 | \$ 397 |
| Work in process | 114 | 89 | 203 | 110 | 93 | 203 |
| Finished goods | 430 | 600 | 1,030 | 525 | 689 | 1,214 |
| Supplies and other | — | 280 | 280 | — | 278 | 278 |
| | 637 | 1,205 | 1,842 | 735 | 1,357 | 2,092 |
| Excess of FIFO or weighted-average cost over LIFO cost | (163) | — | (163) | (183) | — | (183) |
| Total | <u>\$ 474</u> | <u>\$ 1,205</u> | <u>\$ 1,679</u> | <u>\$ 552</u> | <u>\$ 1,357</u> | <u>\$ 1,909</u> |

Inventories are valued at the lower of cost and net realizable value, determined on the FIFO or weighted-average cost methods, and at the lower of cost or market, determined on the LIFO cost method.

| | December 31 | |
|---|-----------------|-----------------|
| | 2016 | 2015 |
| <u>Summary of Property, Plant and Equipment, Net</u> | | |
| Land | \$ 163 | \$ 164 |
| Buildings | 2,612 | 2,537 |
| Machinery and equipment | 13,591 | 13,393 |
| Construction in progress | 488 | 453 |
| | 16,854 | 16,547 |
| Less accumulated depreciation | (9,685) | (9,443) |
| Total | <u>\$ 7,169</u> | <u>\$ 7,104</u> |

Property, plant and equipment, net in the United States as of December 31, 2016 and 2015 was \$3,638 and \$3,716, respectively.

| | December 31 | |
|------------------------------------|-----------------|-----------------|
| | 2016 | 2015 |
| Summary of Accrued Expenses | | |
| Accrued advertising and promotion | \$ 373 | \$ 339 |
| Accrued salaries and wages | 426 | 392 |
| Accrued rebates | 220 | 229 |
| Accrued taxes - income and other | 259 | 329 |
| Accrued interest | 96 | 82 |
| Derivatives | 44 | 36 |
| Other | 357 | 343 |
| Total | <u>\$ 1,775</u> | <u>\$ 1,750</u> |

Supplemental Cash Flow Statement Data

| | Year Ended December 31 | | |
|---|------------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 |
| Summary of Cash Flow Effects of Decrease (Increase) in Operating Working Capital | | | |
| Accounts receivable | \$ (23) | \$ 60 | \$ 267 |
| Inventories | 230 | (28) | 12 |
| Trade accounts payable | (61) | 44 | (30) |
| Accrued expenses | 26 | (110) | (120) |
| Accrued income taxes | 121 | (81) | (159) |
| Derivatives | 43 | (63) | 103 |
| Currency and other | (2) | (267) | (249) |
| Total | <u>\$ 334</u> | <u>\$ (445)</u> | <u>\$ (176)</u> |

| | Year Ended December 31 | | |
|-----------------------------|------------------------|--------|--------|
| | 2016 | 2015 | 2014 |
| Other Cash Flow Data | | | |
| Interest paid | \$ 315 | \$ 308 | \$ 300 |
| Income taxes paid | 744 | 695 | 926 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Kimberly-Clark Corporation:

We have audited the accompanying consolidated balance sheets of Kimberly-Clark Corporation and subsidiaries (the "Corporation") as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark Corporation and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Corporation's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 8, 2017 expressed an unqualified opinion on the Corporation's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Dallas, Texas

February 8, 2017

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2016, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a - 15(e) and 15d - 15(e) of the Securities Exchange Act of 1934 (Exchange Act)). Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2016.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management and our Board of Directors regarding preparation of reliable published financial statements and safeguarding of our assets. This system is supported with written policies and procedures, contains self-monitoring mechanisms and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

We have assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, we used the criteria described in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2016, our internal control over financial reporting is effective.

Deloitte & Touche LLP has audited the effectiveness of our internal control over financial reporting as of December 31, 2016, and has expressed an unqualified opinion in their report, which appears in this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation described above in "Internal Control Over Financial Reporting" that occurred during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Kimberly-Clark Corporation:

We have audited the internal control over financial reporting of Kimberly-Clark Corporation and subsidiaries (the "Corporation") as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of the Corporation as of and for the year ended December 31, 2016, and our report dated February 8, 2017, expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Dallas, Texas

February 8, 2017

ITEM 9B. OTHER INFORMATION

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following sections of our 2017 Proxy Statement for the Annual Meeting of Stockholders (the "2017 Proxy Statement") are incorporated in this Item 10 by reference:

- "The Nominees" under "Proposal 1. Election of Directors," which identifies our directors and nominees for our Board of Directors.
- "Other Information-Section 16(a) Beneficial Ownership Reporting Compliance."
- "Corporate Governance-Other Corporate Governance Policies and Practices-Code of Conduct," which describes our Code of Conduct.
- "Corporate Governance-Stockholder Rights," "Proposal 1. Election of Directors," "Other Information-Stockholder Director Nominees for Inclusion in Next Year's Proxy Statement," and "Other Information-Stockholder Director Nominees Not Included in Next Year's Proxy Statement," which describe the procedures by which stockholders may nominate candidates for election to our Board of Directors.
- "Corporate Governance-Board Committees-Audit Committee," which identifies members of the Audit Committee of our Board of Directors and audit committee financial experts.

Information regarding our executive officers is reported under the caption "Executive Officers of the Registrant" in Part I of this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information in the sections of the 2017 Proxy Statement captioned "Compensation Discussion and Analysis," "Compensation Tables," "Director Compensation" and "Corporate Governance - Compensation Committee Interlocks and Insider Participation" is incorporated in this Item 11 by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in the sections of the 2017 Proxy Statement captioned "Compensation Tables - Equity Compensation Plan Information" and "Other Information - Security Ownership Information" is incorporated in this Item 12 by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in the sections of the 2017 Proxy Statement captioned "Other Information - Transactions with Related Persons" and "Corporate Governance - Director Independence" is incorporated in this Item 13 by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information in the sections of the 2017 Proxy Statement captioned "Principal Accounting Firm Fees" and "Audit Committee Approval of Audit and Non-Audit Services" under "Proposal 2. Ratification of Auditors" is incorporated in this Item 14 by reference.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**(a) Documents filed as part of this report.**

1. Financial statements.

The financial statements are set forth under Item 8 of this report on Form 10-K.

2. Financial statement schedules.

The following information is filed as part of this Form 10-K and should be read in conjunction with the financial statements contained in Item 8:

- Report of Independent Registered Public Accounting Firm

Schedule for Kimberly-Clark Corporation and Subsidiaries:

- Schedule II Valuation and Qualifying Accounts

All other schedules have been omitted because they were not applicable or because the required information has been included in the financial statements or notes thereto.

3. Exhibits

| | |
|--------------------|--|
| Exhibit No. (2)a. | Distribution Agreement, dated October 31, 2014, between Halyard Health, Inc. and the Corporation, incorporated by reference to Exhibit No. 2.1 of the Corporation's Current Report on Form 8-K dated October 31, 2014. |
| Exhibit No. (2)b. | Definitive Purchase Agreement, dated as of February 23, 2015, by and among the Corporation, The Prudential Insurance Company of America, Prudential Financial, Inc., and State Street Bank and Trust Company, as Independent Fiduciary of the Kimberly-Clark Corporation Pension Plan, incorporated by reference to Exhibit No. (2)b of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.** |
| Exhibit No. (2)c. | Definitive Purchase Agreement, dated as of February 23, 2015, by and among the Corporation, Massachusetts Mutual Life Insurance Company, and State Street Bank and Trust Company, as Independent Fiduciary of the Kimberly-Clark Corporation Pension Plan, incorporated by reference to Exhibit No. (2)c of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.** |
| Exhibit No. (3)a. | Amended and Restated Certificate of Incorporation, dated April 30, 2009, incorporated by reference to Exhibit No. (3)a of the Corporation's Current Report on Form 8-K dated May 1, 2009. |
| Exhibit No. (3)b. | By-Laws, as amended December 14, 2015, incorporated by reference to Exhibit No. (3)b of the Corporation's Current Report on Form 8-K dated December 14, 2015. |
| Exhibit No. (4). | Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request. |
| Exhibit No. (10)a. | Management Achievement Award Program, as amended and restated November 13, 2008, incorporated by reference to Exhibit No. (10)a of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008.* |

| | |
|--------------------|---|
| Exhibit No. (10)b. | Executive Severance Plan, as amended and restated as of December 31, 2014, incorporated by reference to Exhibit No. (10)b of the Corporation's Current Report on Form 8-K dated September 17, 2014.* |
| Exhibit No. (10)c. | Seventh Amended and Restated Deferred Compensation Plan for Directors, effective January 1, 2008, incorporated by reference to Exhibit No. (10)c of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.* |
| Exhibit No. (10)d. | Executive Officer Achievement Award Program as amended November 12, 2008, incorporated by reference to Exhibit No. (10)d of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008.* |
| Exhibit No. (10)f. | Deferred Compensation Plan, as amended and restated, dated December 31, 2005, incorporated by reference to Exhibit No. (10)f of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2005.* |
| Exhibit No. (10)g. | Outside Directors' Stock Compensation Plan, as amended, incorporated by reference to Exhibit No. (10)g of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002.* |
| Exhibit No. (10)h. | Supplemental Benefit Plan to the Kimberly-Clark Corporation Pension Plan, as amended and restated effective April 17, 2009, incorporated by reference to Exhibit No. (10)h of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009.* |
| Exhibit No. (10)i. | Second Supplemental Benefit Plan to the Kimberly-Clark Corporation Pension Plan, as amended and restated, effective April 17, 2009, incorporated by reference to Exhibit No. (10)i of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009.* |
| Exhibit No. (10)j. | Kimberly-Clark Corporation Supplemental Retirement 401(k) and Profit Sharing Plan, as amended and restated, effective January 1, 2010, incorporated by reference to Exhibit No. (10)j of the Corporation's Current Report on Form 8-K dated December 21, 2009.* |
| Exhibit No. (10)l. | 2011 Outside Directors' Compensation Plan, as amended and restated, effective May 4, 2016, incorporated by reference to Exhibit No. (10)l of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.* |
| Exhibit No. (10)m. | 2011 Equity Participation Plan, as amended and restated, effective April 21, 2011, incorporated by reference to Exhibit No. 10.2 of the Corporation's Current Report on Form 8-K dated April 26, 2011.* |
| Exhibit No. (10)n. | Form of Award Agreements under 2011 Equity Participation Plan for Nonqualified Stock Options, incorporated by reference to Exhibit No. (10)n of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.* |
| Exhibit No. (10)o. | Summary of Outside Directors' Compensation pursuant to the 2011 Outside Directors' Compensation Plan, filed herewith.* |
| Exhibit No. (10)p. | Severance Pay Plan, amended and restated, effective June 25, 2013, incorporated by reference to Exhibit No. (10)p of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.* |

| | |
|-----------------------|---|
| Exhibit No. (10)q. | Form of Award Agreements under 2011 Equity Participation Plan for Performance Restricted Stock Units, incorporated by reference to Exhibit No. (10)q of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.* |
| Exhibit No. (10)r. | Form of Award Agreements under 2011 Equity Participation Plan for Time-Vested Restricted Stock Units, incorporated by reference to Exhibit No. (10)r of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.* |
| Exhibit No. (10)t. | Summary of Financial Counseling Program for Kimberly-Clark Corporation Executives, dated November 12, 2008, incorporated by reference to Exhibit No. (10)t of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008.* |
| Exhibit No. (10)v. | Tax Matters Agreement, dated October 31, 2014, between Halyard Health, Inc. and the Corporation, incorporated by reference to Exhibit No. 10.1 of the Corporation's Current Report on Form 8-K dated October 31, 2014. |
| Exhibit No. (12). | Computation of ratio of earnings to fixed charges for the five years ended December 31, 2016, filed herewith. |
| Exhibit No. (21). | Subsidiaries of the Corporation, filed herewith. |
| Exhibit No. (23). | Consent of Independent Registered Public Accounting Firm, filed herewith. |
| Exhibit No. (24). | Powers of Attorney, filed herewith. |
| Exhibit No. (31)a. | Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith. |
| Exhibit No. (31)b. | Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith. |
| Exhibit No. (32)a. | Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith. |
| Exhibit No. (32)b. | Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith. |
| Exhibit No. (101).INS | XBRL Instance Document |
| Exhibit No. (101).SCH | XBRL Taxonomy Extension Schema Document |
| Exhibit No. (101).CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| Exhibit No. (101).DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| Exhibit No. (101).LAB | XBRL Taxonomy Extension Label Linkbase Document |

* A management contract or compensatory plan or arrangement required to be identified pursuant to Item 15(a)(3) of this Annual Report on Form 10-K.

** Pursuant to a request for confidential treatment, which has been granted, portions of this exhibit have been redacted from the publicly filed document and have been furnished separately to the Securities and Exchange Commission as required by Rule 24b-2 under the Securities Exchange Act of 1934. Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission on request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KIMBERLY-CLARK CORPORATION

February 8, 2017

By: /s/ Maria Henry

Maria Henry
Senior Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|--|---|------------------|
| <u>/s/ Thomas J. Falk</u> Thomas J. Falk | Chairman of the Board and Chief Executive Officer and Director (principal executive officer) | February 8, 2017 |
| <u>/s/ Maria Henry</u> Maria Henry | Senior Vice President and Chief Financial Officer (principal financial officer) | February 8, 2017 |
| <u>/s/ Michael T. Azbell</u> Michael T. Azbell | Vice President and Controller (principal accounting officer) | February 8, 2017 |

Directors

| | |
|-------------------|--------------------|
| John F. Bergstrom | James M. Jenness |
| Abelardo E. Bru | Nancy J. Karch |
| Robert W. Decherd | Christa S. Quarles |
| Fabian T. Garcia | Ian C. Read |
| Michael D. Hsu | Marc J. Shapiro |
| Mae C. Jemison | Michael D. White |

By: /s/ Thomas J. Mielke
Thomas J. Mielke
Attorney-in-Fact

February 8, 2017

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Millions of dollars)

| <u>Description</u> | <u>Balance at Beginning of Period</u> | <u>Additions</u> | | <u>Deductions</u> | | <u>Balance at End of Period</u> |
|---|---|--|--|---|--|---|
| | | <u>Charged to Costs and Expenses</u> | <u>Charged to Other Accounts^(a)</u> | <u>Write-Offs and Reclassifications</u> | | |
| December 31, 2016 | | | | | | |
| Allowances deducted from assets to which they apply | | | | | | |
| Allowance for doubtful accounts | \$ 50 | \$ 8 | \$ 3 | \$ 11 ^(b) | | \$ 50 |
| Allowances for sales discounts | 15 | 254 | — | 251 ^(c) | | 18 |
| December 31, 2015 | | | | | | |
| Allowances deducted from assets to which they apply | | | | | | |
| Allowance for doubtful accounts | \$ 50 | \$ 12 | \$ (10) | \$ 2 ^(b) | | \$ 50 |
| Allowances for sales discounts | 16 | 256 | (1) | 256 ^(c) | | 15 |
| December 31, 2014 | | | | | | |
| Allowances deducted from assets to which they apply | | | | | | |
| Allowance for doubtful accounts | \$ 51 | \$ 13 | \$ (7) | \$ 7 ^(b) | | \$ 50 |
| Allowances for sales discounts | 20 | 265 | (1) | 268 ^(c) | | 16 |

(a) Includes bad debt recoveries and the effects of changes in foreign currency exchange rates.

(b) Primarily uncollectible receivables written off.

(c) Sales discounts allowed.

| <u>Description</u> | <u>Balance at Beginning of Period</u> | <u>Additions</u> | | <u>Deductions^(a)</u> | | <u>Balance at End of Period</u> |
|--------------------------|---|--|--|---------------------------------|--|---|
| | | <u>Charged to Costs and Expenses</u> | <u>Charged to Other Accounts</u> | | | |
| December 31, 2016 | | | | | | |
| Deferred taxes | | | | | | |
| Valuation allowance | \$ 274 | \$ (45) | \$ — | \$ 4 | | \$ 225 |
| December 31, 2015 | | | | | | |
| Deferred taxes | | | | | | |
| Valuation allowance | \$ 215 | \$ 78 | \$ — | \$ 19 | | \$ 274 |
| December 31, 2014 | | | | | | |
| Deferred taxes | | | | | | |
| Valuation allowance | \$ 197 | \$ 30 | \$ — | \$ 12 | | \$ 215 |

(a) Represents the net currency effects of translating valuation allowances at current rates of exchange.

Outside Directors' Compensation
(Effective January 1, 2017)

Each Outside Director of Kimberly-Clark Corporation will receive the following compensation for his or her services as a director, in accordance with the terms of the Corporation's 2011 Outside Directors' Compensation Plan, as amended (the "Plan"). The compensation elements listed below supersede or are in lieu of all other cash or stock options currently set out under the Plan:

- A cash retainer in the amount of \$100,000, payable in quarterly installments in advance. No separate meeting fees will be payable for attending board and committee meetings. Outside Directors joining the Board during the year will receive the full quarterly amount of the annual retainer for the quarter in which they join the Board and each quarter thereafter.
- A grant of Restricted Share Units with a value of \$180,000 on the grant date, based on the closing price for the Corporation's common stock on that date (the "Grant Date Price"). This grant will be made effective as of the first business day of the year. Outside Directors joining the Board during the year will receive a pro-rata grant of Restricted Share Units upon the effective date of their election to the Board.
- The Chairman of each of the Audit, Management Development and Compensation, and Nominating and Corporate Governance Committees will each receive an additional grant of Restricted Share Units with a value of \$20,000 based on the Grant Date Price. This grant will be made effective as of the first business day of the year.
- The Lead Director will receive an additional grant of Restricted Share Units with a value of \$30,000 based on the Grant Date Price. This grant will be made effective as of the first business day of the year.
- The Restricted Period for the Restricted Share Units shall commence on the date of grant and expire on the date each recipient retires from or otherwise terminates service on the Board. The Restricted Share Units may not be transferred during the Restricted Period.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
(Dollar amounts in millions)

| | Year Ended December 31 | | | | |
|---|------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| <u>Consolidated Companies</u> | | | | | |
| Income from continuing operations before income taxes | \$ 3,009 | \$ 1,335 | \$ 2,255 | \$ 2,641 | \$ 2,110 |
| Interest expense | 319 | 295 | 284 | 282 | 285 |
| Interest factor in rent expense | 94 | 93 | 101 | 106 | 101 |
| Amortization of capitalized interest | 9 | 9 | 23 | 12 | 11 |
| <u>Equity Affiliates</u> | | | | | |
| Share of 50%-owned: | | | | | |
| Income before income taxes | (2) | (2) | 1 | 6 | 3 |
| Interest expense | 1 | - | - | - | - |
| Interest factor in rent expense | - | - | - | - | - |
| Amortization of capitalized interest | - | - | - | - | - |
| Distributed income of less than 50%-owned | 120 | 136 | 168 | 163 | 148 |
| Earnings | <u>\$ 3,550</u> | <u>\$ 1,866</u> | <u>\$ 2,832</u> | <u>\$ 3,210</u> | <u>\$ 2,658</u> |
| <u>Consolidated Companies</u> | | | | | |
| Interest expense | \$ 319 | \$ 295 | \$ 284 | \$ 282 | \$ 285 |
| Capitalized interest | 10 | 15 | 11 | 14 | 9 |
| Interest factor in rent expense | 94 | 93 | 101 | 106 | 101 |
| <u>Equity Affiliates</u> | | | | | |
| Share of 50%-owned: | | | | | |
| Interest and capitalized interest | 1 | - | - | - | - |
| Interest factor in rent expense | - | - | - | - | - |
| Fixed Charges | <u>\$ 424</u> | <u>\$ 403</u> | <u>\$ 396</u> | <u>\$ 402</u> | <u>\$ 395</u> |
| Ratio of earnings to fixed charges | <u>8.37</u> | <u>4.63</u> | <u>7.15</u> | <u>7.99</u> | <u>6.73</u> |

KIMBERLY-CLARK CORPORATION
CONSOLIDATED SUBSIDIARIES

Abdelia Comercial Ltda., Brazil
Bacraft Industria de Papel Ltda., Brazil
Badgers LLC, Delaware
Badgers II LLC, Delaware
Balder d.o.o., Slovenia
Beco, Inc., Wisconsin
Bonster S.A., Luxembourg
Colombiana Kimberly Colpapel S.A., Colombia
Comercializadora de Fibras Guaicaipuro, C.A., Venezuela
Comercializadora de Repuestos Industriales Guaicaipuro, C.A., Venezuela
Delaware Overseas Finance, Inc., Wisconsin
Durafab, LLC, Wisconsin
Excell Paper Sales Company, Pennsylvania
Gerinconfort Industria e Comercio de Productos Higienicos Ltda., Brazil
Hoosiers LLC, Delaware
Hoosiers II LLC, Delaware
Housing Horizons, LLC, Texas
I-Flow, LLC, Delaware
Jackson Products, Inc., Wisconsin
Jackson Safety Canada, Ltd., Ontario, Canada
K-C Advertising, Inc., Wisconsin
K-C AFC Manufacturing, S. de R.L. de C. V., Mexico
K-C Antioquia Global Ltda., Colombia
K-C Equipment Finance LP, United Kingdom
K-C Guernsey I Limited, Isle of Guernsey
K-C Guernsey II Limited, Isle of Guernsey
K-C Nevada, Inc., Nevada
K.C.S.A. Holdings (Pty) Limited, South Africa
Kalayaan Land Corporation, Philippines
KCA Super Pty Limited, Australia
KCSSA East Africa Limited, Africa
KCSSA West Africa Limited, Africa
Kimberly Bolivia S.A., Bolivia
Kimberly Clark MEA DMCC, Dubai
Kimberly-Clark (China) Company Ltd, China
Kimberly-Clark (Cyprus) Limited, Cyprus
Kimberly-Clark (Hong Kong) Limited, Hong Kong
Kimberly-Clark (Nanjing) Care Products Co. Ltd., China
Kimberly-Clark (Nanjing) Personal Hygienic Products Company Limited, China
Kimberly-Clark (Shanghai) Trading Co., Ltd., China

Kimberly-Clark (Singapore) Finance Pte Ltd, Singapore
Kimberly-Clark (Tianjin) Care Products Co., Ltd., China
Kimberly-Clark (Trinidad) Ltd., Trinidad & Tobago
Kimberly-Clark (Wuxi) Equipment Technology Co., Ltd., China
Kimberly-Clark Amsterdam Holdings, B.V., Netherlands
Kimberly-Clark Argentina S.A., Argentina
Kimberly-Clark Asia Holdings Pte. Ltd, Singapore
Kimberly-Clark Asia Pacific Headquarters Pte Ltd, Singapore
Kimberly-Clark Asia Pacific Pte. Ltd, Singapore
Kimberly-Clark Atlantic Holding Limited, United Kingdom
Kimberly-Clark Australia Holdings Pty Limited, Australia
Kimberly-Clark Australia Pty. Limited, Australia
Kimberly-Clark B.V., Netherlands
Kimberly-Clark BVBA, Belgium
Kimberly-Clark Bahrain Holding Company S.P.C., Bahrain
Kimberly-Clark Brasil Holdings Limitada, Brazil
Kimberly-Clark Brasil Industria e Comercio de Produtos de Higiene Ltda, Brazil
Kimberly-Clark Brazil Holdings, LLC, Delaware
Kimberly-Clark Canada Holdings ULC, British Colombia, Canada
Kimberly-Clark Canada International Holdings Inc., Ontario, Canada
Kimberly-Clark Canada Services ULC, British Colombia, Canada
Kimberly-Clark Canada Services Subsidiary ULC, Canada
Kimberly-Clark Cayman Islands Company, Cayman Islands
* Kimberly-Clark Central American Holdings, S.A., Panama
Kimberly-Clark Chile S.A., Chile
Kimberly-Clark Colombia Holding Limitada, Colombia
* Kimberly-Clark Costa Rica Limitada, Costa Rica
* Kimberly-Clark de Centro America, Limitada de Capital Variable, El Salvador
* Kimberly-Clark de Honduras, S.de R.L. de C.V., Honduras
Kimberly-Clark Denmark Holdings ApS, Denmark
Kimberly-Clark Dominican Republic S.A., Dominican Republic
Kimberly-Clark Dominicana, S.A., Dominican Republic
Kimberly-Clark Dutch Holdings B.V., Netherlands
Kimberly-Clark Ecuador S.A., Ecuador
Kimberly-Clark Ede Holdings B.V., Netherlands
Kimberly-Clark EMEA Holdings Ltd., United Kingdom
Kimberly-Clark Europe Limited, United Kingdom
Kimberly-Clark European Investment B.V., Netherlands
Kimberly-Clark European Services Limited, United Kingdom
Kimberly-Clark Finance Canada ULC, Canada
Kimberly-Clark Finance Limited, United Kingdom
* Kimberly-Clark Financial Services, Inc., Tennessee
Kimberly-Clark Germany Holding GmbH, Germany
Kimberly-Clark Global Sales, LLC, Wisconsin
Kimberly-Clark GmbH, Austria
Kimberly-Clark GmbH, Germany

Kimberly-Clark GmbH, Switzerland
* Kimberly-Clark Guatemala, Limitada, Guatemala
Kimberly-Clark Hellas EPE, Greece
Kimberly-Clark Holding Limited, United Kingdom
Kimberly-Clark Holding srl, Italy
Kimberly-Clark Holland Holdings B.V., Netherlands
Kimberly-Clark Hygiene Products Private Limited, India
Kimberly-Clark Inc., Ontario, Canada
Kimberly-Clark Industrial Solutions Mexico, S. de R.L. de C.V., Mexico
Kimberly-Clark Innovation Center, Brazil
Kimberly-Clark Innovation Corporation, South Korea
Kimberly-Clark Integrated Services Corporation, Wisconsin
Kimberly-Clark Intercontinental Holding Ltd., United Kingdom
Kimberly-Clark International Holding Limited, United Kingdom
Kimberly-Clark International Services Corporation, Wisconsin
Kimberly-Clark International, S.A., Panama
Kimberly-Clark Investment Canada Inc., Canada
Kimberly-Clark Israel Ltd, Israel
Kimberly-Clark Israel Marketing Ltd., Israel
Kimberly-Clark Japan Godo Kaisha, Japan
Kimberly-Clark Kazakhstan Limited Liability Partnership, Kazakhstan
Kimberly-Clark Latin America Investments, Inc., Wisconsin
Kimberly-Clark Latin America, Inc., Wisconsin
Kimberly-Clark LDA, Portugal
* Kimberly-Clark Lever Private Limited, India
Kimberly-Clark Limited, United Kingdom
Kimberly-Clark Luxembourg Finance S.à r.l., Luxembourg
Kimberly-Clark Luxembourg Holdings S.à r.l., Luxembourg
Kimberly-Clark Luxembourg International S.a.r.L., Luxembourg
Kimberly-Clark Luxembourg S.à r.l., Luxembourg
Kimberly-Clark Maghreb SARL, Morocco
Kimberly-Clark Magyarorszag Kft., Hungary
Kimberly-Clark Manufacturing (Thailand) Limited, Thailand
Kimberly-Clark Mediterranean Finance Company Ltd., Malta
Kimberly-Clark Netherlands Holdings B.V., Netherlands
* Kimberly-Clark Nicaragua & Compania Limitada, Nicaragua
Kimberly-Clark Noordzee Coöperatief U.A., Netherlands
Kimberly-Clark North Asia (HK) Limited, Hong Kong
Kimberly-Clark of South Africa (Pty) Ltd., South Africa
Kimberly-Clark Pacific Finance Company, Cayman Islands
Kimberly-Clark Pacific Holdings Pty Limited, Australia
Kimberly-Clark Paper (Shanghai) Co. Ltd, China
Kimberly-Clark Paraguay, S.A., Paraguay
Kimberly-Clark Patriot Holdings, Inc., Cayman Islands
Kimberly-Clark Pennsylvania, LLC, Wisconsin
Kimberly-Clark Pension Trusts Ltd., United Kingdom

Kimberly-Clark Personal Hygienic Products Co. Ltd., Beijing, China
Kimberly-Clark Peru S.R.L., Peru
Kimberly-Clark Philippines Inc., Philippines
Kimberly-Clark Polska Sp. Z.o.o., Poland
Kimberly-Clark Products (M) Sdn. Bhd., Malaysia
Kimberly-Clark Produtos Para Saude Limitada, Brazil
Kimberly-Clark Puerto Rico, Inc., Wisconsin
Kimberly-Clark Regional Services (M) Sdn. Bhd., Malaysia
Kimberly-Clark S.L.U., Spain
Kimberly-Clark s.r.l., Italy
Kimberly-Clark s.r.o., Czech Republic
Kimberly-Clark SAS, France
Kimberly-Clark Scandinavia ApS, Denmark
Kimberly-Clark Services Asia-Pacific Pty Limited, Australia
Kimberly-Clark Services, Inc., Wisconsin
Kimberly-Clark Singapore Intercontinental Pte. Ltd., Singapore
Kimberly-Clark Singapore Pte. Ltd., Singapore
Kimberly-Clark Southeast Asia Holdings Pte. Ltd., Singapore
Kimberly-Clark Southern Africa (Holdings) (Pty) Ltd., South Africa
Kimberly-Clark Taiwan, Cayman Islands
Kimberly-Clark Thailand Limited, Thailand
Kimberly-Clark Trading (M) Sdn. Bhd., Malaysia
Kimberly-Clark Trading and Services Limitada, Costa Rica
Kimberly-Clark Trading Kft, Hungary
Kimberly-Clark Treasury Australia Pty Limited, Australia
Kimberly-Clark Tuketim Mallari Sanayi ve Ticaret A.S., Turkey
Kimberly-Clark Tulip Holdings, B.V., Netherlands
Kimberly-Clark U.K. Operations Limited, United Kingdom
Kimberly-Clark Uruguay S.A., Uruguay
Kimberly-Clark Utrecht Holdings B.V., Netherlands
Kimberly-Clark Venezuela, S.C.A., Venezuela
Kimberly-Clark Ventures, LLC, Delaware
Kimberly-Clark Vietnam Holdings Pte. Ltd., Singapore
Kimberly-Clark Vietnam Ltd., Vietnam
Kimberly-Clark Worldwide Australia Holdings Pty. Limited, Australia
Kimberly-Clark Worldwide Taiwan Investment Limited, Taiwan
Kimberly-Clark Worldwide, Inc., Wisconsin
Kimberly-Clark Zimbabwe (Private) Limited, South Africa
KS & J Industria e Comercio Limitada, Brazil
Limited Liability Company Kimberly-Clark, Russia
Limited Liability Company with Foreign Investment ‘Kimberly-Clark Ukraine’, Ukraine
Maharlika Water Services Corporation, Philippines
Mimo S.A., Argentina
Minnetonka Overseas Investments Limited, Cayman Islands
Molett Marketing Limited, Israel
Nueva Arizona S.A., Argentina

Papeles del Cauca S.A., Colombia

* P.T. Kimberly-Clark Indonesia, Indonesia

Ridgeway Insurance Company Limited, Bermuda

Ropers II LLC, Delaware

Scott Executive Pension Trustees Limited, United Kingdom

SK Corporation, Taiwan

Taiwan Scott Paper Corporation, Taiwan

Technology Systems S.A., Argentina

Texans II LLC, Delaware

Three Rivers Timber Company, Washington

Unified Resource Services Mexico, S. de R.L. de C. V., Mexico

* VOID Technologies Limited, United Kingdom

* Yuhan-Kimberly Limited, South Korea

* Indicates a company that is not wholly owned directly or indirectly by the Corporation.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-49050, 33-58402, 33-64689, 333-02607, 333-06996, 333-17367, 333-173725, 333-43647, 333-94139, 333-51922, 333-61010, 333-62358, 333-89314, 333-104099, 333-115347, 333-155380, 333-161986, 333-163891 and 333-214818 all on Form S-8 and Nos. 333-144828, 333-167886, 333-189633 and 333-212013 all on Form S-3 of our reports dated February 08, 2017, relating to the consolidated financial statements and financial statement schedule of Kimberly-Clark Corporation and subsidiaries (the “Corporation”) and the effectiveness of the Corporation’s internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Corporation for the year ended December 31, 2016.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Dallas, Texas

February 8, 2017

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Maria Henry, Michael T. Azbell and Thomas J. Mielke, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ John F. Bergstrom

John F. Bergstrom

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Maria Henry, Michael T. Azbell and Thomas J. Mielke, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Abelardo E. Bru

Abelardo E. Bru

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Maria Henry, Michael T. Azbell and Thomas J. Mielke, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Robert W. Decherd

Robert W. Decherd

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Fabian T. Garcia

Fabian T. Garcia

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Michael D. Hsu

Michael D. Hsu

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Mae C. Jemison

Mae C. Jemison

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ James M. Jenness

James M. Jenness

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Christa S. Quarles

Christa S. Quarles

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Nancy J. Karch

Nancy J. Karch

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Maria Henry, Michael T. Azbell and Thomas J. Mielke, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Ian C. Read

Ian C. Read

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Maria Henry, Michael T. Azbell and Thomas J. Mielke, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Marc J. Shapiro

Marc J. Shapiro

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Maria Henry, Michael T. Azbell and Thomas J. Mielke, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February 2017.

/s/ Michael D. White

Michael D. White

CERTIFICATIONS

I, Thomas J. Falk, certify that:

1. I have reviewed this annual report on Form 10-K of Kimberly-Clark Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

February 8, 2017

/s/ Thomas J. Falk

Thomas J. Falk

Chief Executive Officer

CERTIFICATIONS

I, Maria Henry, certify that:

1. I have reviewed this annual report on Form 10-K of Kimberly-Clark Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

February 8, 2017

/s/ Maria Henry

Maria Henry
Chief Financial Officer

Certification of Chief Executive Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Thomas J. Falk, Chief Executive Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

- (1) the Form 10-K, filed with the Securities and Exchange Commission on February 8, 2017 (“accompanied report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Thomas J. Falk

Thomas J. Falk

Chief Executive Officer

February 8, 2017

Certification of Chief Financial Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Maria Henry, Chief Financial Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

- (1) the Form 10-K, filed with the Securities and Exchange Commission on February 8, 2017 (“accompanied report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Maria Henry

Maria Henry

Chief Financial Officer

February 8, 2017