

KIMBERLY CLARK CORP  
Form 10-Q  
October 24, 2016

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-225

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

Delaware 39-0394230  
(State or other jurisdiction of (I.R.S. Employer  
incorporation) Identification No.)

P. O. Box 619100

Dallas, Texas

75261-9100

(Address of principal executive offices)

(Zip code)

(972) 281-1200

(Registrant's telephone number, including area code)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 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 Exchange Act).

Yes  No

As of October 17, 2016, there were 358,155,430 shares of the Corporation's common stock outstanding.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENT

(Unaudited)

|   | Three Months<br>Ended<br>September 30 |         | Nine Months<br>Ended September<br>30 |          |
|---|---------------------------------------|---------|--------------------------------------|----------|
| (Millions of dollars, except per share amounts)       | 2016                                  | 2015    | 2016                                 | 2015     |
| Net Sales   | \$4,594                               | \$4,718 | \$13,658                             | \$14,052 |
| Cost of products sold                                 | 2,924                                 | 3,036   | 8,685                                | 9,054    |
| Gross Profit  | 1,670                                 | 1,682   | 4,973                                | 4,998    |
| Marketing, research and general expenses              | 833                                   | 868     | 2,505                                | 2,586    |
| Other (income) and expense, net                       | 1                                     | 35      | (10)                                 | ) 1,429  |
| Operating Profit                                      | 836                                   | 779     | 2,478                                | 983      |
| Interest income                                       | 2                                     | 4       | 9                                    | 12       |
| Interest expense                                      | (81)                                  | ) (74)  | ) (238)                              | ) (219)  |
| Income Before Income Taxes and Equity Interests       | 757                                   | 709     | 2,249                                | 776      |
| Provision for income taxes                            | (227)                                 | ) (217) | ) (651)                              | ) (166)  |
| Income Before Equity Interests                        | 530                                   | 492     | 1,598                                | 610      |
| Share of net income of equity companies               | 33                                    | 37      | 103                                  | 112      |
| Net Income  | 563                                   | 529     | 1,701                                | 722      |
| Net income attributable to noncontrolling interests   | (13)                                  | ) (12)  | ) (40)                               | ) (42)   |
| Net Income Attributable to Kimberly-Clark Corporation | \$550                                 | \$517   | \$1,661                              | \$680    |
| Per Share Basis                                       |                                       |         |                                      |          |
| Net Income Attributable to Kimberly-Clark Corporation |                                       |         |                                      |          |
| Basic   | \$1.53                                | \$1.42  | \$4.61                               | \$1.87   |
| Diluted   | \$1.52                                | \$1.41  | \$4.58                               | \$1.85   |
| Cash Dividends Declared                               | \$0.92                                | \$0.88  | \$2.76                               | \$2.64   |
| See Notes to Consolidated Financial Statements.       |                                       |         |                                      |          |

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(Unaudited)

|  | Three<br>Months<br>Ended<br>September 30 |         | Nine Months<br>Ended<br>September 30 |        |
|--|--|---------|--------------------------------------|--------|
| (Millions of dollars)  | 2016                                     | 2015    | 2016                                 | 2015   |
| Net Income   | \$563                                    | \$529   | \$1,701                              | \$722  |
| Other Comprehensive Income (Loss), Net of Tax                          |  |         |                                      |        |
| Unrealized currency translation adjustments                            | 39                                       | (531 )  | 175                                  | (847 ) |
| Employee postretirement benefits                                       | 15                                       | (43 )   | 22                                   | 818    |
| Other  | 2  | 10      | (5 )                                 | 5      |
| Total Other Comprehensive Income (Loss), Net of Tax                    | 56                                       | (564 )  | 192                                  | (24 )  |
| Comprehensive Income (Loss)  | 619                                      | (35 )   | 1,893                                | 698    |
| Comprehensive (income) less attributable to noncontrolling interests   | (23 )                                    | 4       | (54 )                                | (21 )  |
| Comprehensive Income (Loss) Attributable to Kimberly-Clark Corporation | \$596                                    | \$(31 ) | \$1,839                              | \$677  |

See Notes to Consolidated Financial Statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
(2016 Data is Unaudited)

| (Millions of dollars)                             | September 30,<br>2016 | December 31,<br>2015 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>                                     |                       |                      |
| Current Assets                                    |                       |                      |
| Cash and cash equivalents                         | \$ 884                | \$ 619               |
| Accounts receivable, net                          | 2,222                 | 2,281                |
| Inventories                                       | 1,736                 | 1,909                |
| Other current assets                              | 418                   | 617                  |
| Total Current Assets                              | 5,260                 | 5,426                |
| Property, Plant and Equipment, Net                | 7,198                 | 7,104                |
| Investments in Equity Companies                   | 289                   | 247                  |
| Goodwill  | 1,518                 | 1,446                |
| Other Assets                                      | 634                   | 619                  |
| <b>TOTAL ASSETS</b>                               | <b>\$ 14,899</b>      | <b>\$ 14,842</b>     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                       |                      |
| Current Liabilities                               |                       |                      |
| Debt payable within one year                      | \$ 1,205              | \$ 1,669             |
| Trade accounts payable                            | 2,454                 | 2,612                |
| Accrued expenses                                  | 1,731                 | 1,750                |
| Dividends payable                                 | 330                   | 318                  |
| Total Current Liabilities                         | 5,720                 | 6,349                |
| Long-Term Debt                                    | 6,443                 | 6,106                |
| Noncurrent Employee Benefits                      | 1,195                 | 1,137                |
| Deferred Income Taxes                             | 594                   | 766                  |
| Other Liabilities                                 | 332                   | 380                  |
| Redeemable Preferred Securities of Subsidiaries   | 64                    | 64                   |
| Stockholders' Equity (Deficit)                    |                       |                      |
| Kimberly-Clark Corporation                        | 299                   | (174 )               |
| Noncontrolling Interests                          | 252                   | 214                  |
| Total Stockholders' Equity                        | 551                   | 40                   |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>\$ 14,899</b>      | <b>\$ 14,842</b>     |
| See Notes to Consolidated Financial Statements.   |                       |                      |

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CASH FLOW STATEMENT  
(Unaudited)

|  | Nine Months<br>Ended<br>September 30 |               |
|--|--------------------------------------|---------------|
| (Millions of dollars)  | 2016                                 | 2015          |
| <b>Operating Activities</b>  |                                      |               |
| Net income   | \$1,701                              | \$722         |
| Depreciation and amortization                                      | 528                                  | 565           |
| Stock-based compensation   | 64                                   | 68            |
| Deferred income taxes  | (13 )                                | (378 )        |
| Equity companies' earnings (in excess of) less than dividends paid | (31 )                                | (38 )         |
| (Increase) decrease in operating working capital                   | 149                                  | (316 )        |
| Postretirement benefits  | 4                                    | 941           |
| Adjustments related to Venezuelan operations                       | (11 )                                | 45            |
| Other  | (30 )                                | 32            |
| <b>Cash Provided by Operations</b>                                 | <b>2,361</b>                         | <b>1,641</b>  |
| <b>Investing Activities</b>  |                                      |               |
| Capital spending   | (582 )                               | (798 )        |
| Investments in time deposits                                       | (133 )                               | (100 )        |
| Maturities of time deposits  | 64                                   | 100           |
| Other  | 75                                   | (25 )         |
| <b>Cash Used for Investing</b>                                     | <b>(576 )</b>                        | <b>(823 )</b> |
| <b>Financing Activities</b>  |                                      |               |
| Cash dividends paid  | (981 )                               | (952 )        |
| Change in short-term debt  | (837 )                               | (109 )        |
| Debt proceeds  | 1,290                                | 1,097         |
| Debt repayments  | (596 )                               | (349 )        |
| Proceeds from exercise of stock options                            | 97                                   | 102           |
| Acquisitions of common stock for the treasury                      | (512 )                               | (503 )        |
| Shares purchased from noncontrolling interest                      | —                                    | (151 )        |
| Other  | 2                                    | 6             |
| <b>Cash Used for Financing</b>                                     | <b>(1,537 )</b>                      | <b>(859 )</b> |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents       | 17                                   | (105 )        |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>            | <b>265</b>                           | <b>(146 )</b> |
| Cash and Cash Equivalents - Beginning of Period                    | 619                                  | 789           |
| Cash and Cash Equivalents - End of Period                          | \$884                                | \$643         |
| See Notes to Consolidated Financial Statements.                    |                                      |               |

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Note 1. Accounting Policies

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all material adjustments which are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented have been reflected. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

For further information, refer to the Consolidated Financial Statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2015. The terms "Corporation," "Kimberly-Clark," "K-C," "we," "our" and "us" refer to Kimberly-Clark Corporation and its consolidated subsidiaries.

Annual Goodwill Impairment Assessment

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 have 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 have determined that it is more likely than not that the fair value is more than the carrying amount for each of our reporting units.

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 related to a balance sheet remeasurement in 2015. Net sales of K C Venezuela were insignificant in 2015.

Balance Sheet Classification of Deferred Taxes

In 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("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 as of March 31, 2016 and our consolidated balance sheet reflects the new guidance for classification of deferred taxes. Prior periods were not recasted.

New Accounting Standards



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. Early adoption is permitted. 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. 2016-02, 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 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. Early adoption is permitted as of one year prior to the current effective date. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. The effects of this standard on our financial position, results of operations and cash flows are not expected to be material.

#### 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 is 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 plan is expected to be completed by the end of 2016, with total costs, primarily severance, anticipated to be toward the high end of the range of \$130 to \$160 after tax (\$190 to \$230 pretax). Cash costs are projected to be approximately 80 percent of the total charges. The restructuring is expected to impact all of our business segments and our organizations in all major geographies.

Total charges were \$15 (\$12 after tax) and \$36 (\$20 after tax) for the nine months ended September 30, 2016 and 2015, respectively. Through September 30, 2016, cumulative pretax charges for the restructuring were \$211 (\$149 after tax). Cash payments during the nine months ended September 30, 2016 and 2015 related to the restructuring were \$49 and \$65, respectively.

#### Note 3. 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 the nine months ended September 30, 2016 and for the full year 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 \$60 and \$57 at September 30, 2016 and December 31, 2015. The COLI policies are a source of funding primarily for our nonqualified employee benefits and are included in other assets. The fair value amount of the COLI policies is measured at fair value using the net asset value per share practical expedient, and therefore, is not classified in the fair value hierarchy.

At September 30, 2016 and December 31, 2015, derivative assets were \$36 and \$56, respectively, and derivative liabilities were \$26 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 7.

Redeemable preferred securities of subsidiaries are measured on a recurring basis at fair value and were \$64 at both September 30, 2016 and December 31, 2015. 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

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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 | Estimated          |                    | Estimated         |                   |
|--|----------------------------|--------------------|--------------------|-------------------|-------------------|
|  |                            | Carrying Amount    | Fair Value         | Carrying Amount   | Fair Value        |
|  |                            | September 30, 2016 | September 30, 2016 | December 31, 2015 | December 31, 2015 |
| <b>Assets</b>  |                            |                    |                    |                   |                   |
| Cash and cash equivalents <sup>(a)</sup>                     | 1                          | \$ 884             | \$ 884             | \$ 619            | \$ 619            |
| Time deposits and other <sup>(b)</sup>                       | 1                          | 190                | 190                | 124               | 124               |
| <b>Liabilities and redeemable securities of subsidiaries</b> |                            |                    |                    |                   |                   |
| Short-term debt <sup>(c)</sup>                               | 2                          | 242                | 242                | 1,071             | 1,071             |
| Long-term debt <sup>(d)</sup>                                | 2                          | 7,406              | 8,262              | 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 4. Employee Postretirement Benefits

The table below presents net periodic benefit cost information for defined benefit plans and other postretirement benefit plans:

|                                | Pension Benefits   |                    | Other Benefits     |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                | Three Months Ended | Three Months Ended | Three Months Ended | Three Months Ended |
|                                | September 30, 2016 | September 30, 2015 | September 30, 2016 | September 30, 2015 |
| Service cost                   | \$8                | \$10               | \$3                | \$3                |
| Interest cost                  | 35                 | 39                 | 7                  | 8                  |
| Expected return on plan assets | (38)               | (43)               | —                  | —                  |
| Recognized net actuarial loss  | 13                 | 13                 | —                  | —                  |
| Settlements                    | —                  | 19                 | —                  | —                  |
| Other                          | (2)                | (2)                | —                  | —                  |
| Net periodic benefit cost      | \$16               | \$36               | \$10               | \$11               |

  

|              | Pension Benefits   |                    | Other Benefits     |                    |
|--------------|--------------------|--------------------|--------------------|--------------------|
|              | Nine Months Ended  | Nine Months Ended  | Nine Months Ended  | Nine Months Ended  |
|              | September 30, 2016 | September 30, 2015 | September 30, 2016 | September 30, 2015 |
| Service cost | \$32               | \$29               | \$9                | \$9                |

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|                                |       |         |      |      |
|--------------------------------|-------|---------|------|------|
| Interest cost                  | 110   | 148     | 24   | 25   |
| Expected return on plan assets | (119) | (173)   | —    | —    |
| Recognized net actuarial loss  | 39    | 61      | (1)  | (1)  |
| Settlements                    | —     | 1,348   | —    | —    |
| Other                          | (7)   | (9)     | —    | —    |
| Net periodic benefit cost      | \$55  | \$1,404 | \$32 | \$33 |

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 pretax in other (income) and expense, net) during 2015, mostly in the second quarter. In connection with these transactions, during the first quarter of 2015 we made a \$410 contribution to our U.S. pension plan in order to maintain the plan's funded status.

For the nine months ended September 30, 2016 and 2015, we made cash contributions of \$35 and \$437, respectively, to our pension trusts. We expect to contribute up to \$100 to our defined benefit pension plans for the full year 2016.

#### Note 5. Earnings Per Share ("EPS")

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

|   | Three<br>Months<br>Ended<br>September<br>30 |       | Nine<br>Months<br>Ended<br>September<br>30 |       |
|---|---|-------|--|-------|
| (Millions of shares)  | 2016  | 2015  | 2016                                       | 2015  |
| Basic   | 359.2                                       | 363.9 | 360.0                                      | 364.5 |
| Dilutive effect of stock options and restricted share unit awards | 2.3   | 2.3   | 2.4  | 2.4   |
| Diluted   | 361.5                                       | 366.2 | 362.4                                      | 366.9 |

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 September 30, 2016 and 2015 was 358.4 million and 363.3 million, respectively.

#### Note 6. Stockholders' Equity (Deficit)

Set forth below is a reconciliation for the nine months ended September 30, 2016 of the carrying amount of total stockholders' equity (deficit) from the beginning of the period to the end of the period.

|   | Stockholders' Equity<br>(Deficit) Attributable<br>to<br>The Corporation<br>and<br>Noncontrolling<br>Interests |        |
|---|---|--------|
|   |   |        |
| Balance at December 31, 2015                    | \$(174)   | \$ 214 |
| Net Income                                      | 1,661   | 37     |
| Other comprehensive income, net of tax          |   |        |
| Unrealized translation                          | 161   | 15     |
| Employee postretirement benefits                | 22  | —      |
| Other   | (5  | ) —    |
| Stock-based awards exercised or vested          | 97  | —      |
| Recognition of stock-based compensation         | 64  | —      |
| Income tax benefits on stock-based compensation | 20  | —      |
| Shares repurchased                              | (553  | ) —    |
| Dividends declared                              | (993  | ) (16  |
| Other   | (1  | ) 2    |
| Balance at September 30, 2016                   | \$299   | \$ 252 |

During the nine months ended September 30, 2016, we repurchased 4.0 million shares at a total cost of \$525 pursuant to a share repurchase program authorized by our Board of Directors.

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 accumulated other comprehensive income ("AOCI").

For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation is

recorded in AOCI rather than net income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable unrealized translation would be removed from AOCI and reported as part of the gain or loss on the sale or liquidation.

Also included in unrealized translation 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.

The change in net unrealized currency translation for the nine months ended September 30, 2016 was primarily due to the strengthening of most foreign currencies versus the U.S. dollar, including the Brazilian real, South Korean won, Australian dollar, euro and Russian ruble, partially offset by the weakening of the British pound sterling.

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

|  | Unrealized<br>Translation | Defined<br>Benefit<br>Pension<br>Plans | Other<br>Postretirement<br>Benefit Plans | Cash<br>Flow<br>Hedges<br>and<br>Other |
|--|---------------------------|--|--|--|
| Balance as of December 31, 2014                            | \$ (1,335 )               | \$(1,924)                              | \$ (37 )                                 | \$ (16 )                               |
| Other comprehensive income (loss) before reclassifications | (825 )                    | (56 )                                  | 10                                       | 44                                     |
| (Income) loss reclassified from AOCI                       | —                         | 864                                    | (a)(1 )                                  | (a)(39 )                               |
| Net current period other comprehensive income (loss)       | (825 )                    | 808                                    | 9  | 5                                      |
| Shares purchased from noncontrolling interest and other    | (12 )                     | —                                      | —  | 1                                      |
| Balance as of September 30, 2015                           | \$ (2,172 )               | \$(1,116)                              | \$ (28 )                                 | \$ (10 )                               |
| Balance as of December 31, 2015                            | \$ (2,252 )               | \$(1,013)                              | \$ (3 )                                  | \$ (10 )                               |
| Other comprehensive income (loss) before reclassifications | 161                       | 10                                     | (9 )                                     | 8                                      |
| (Income) loss reclassified from AOCI                       | —                         | 22                                     | (a)(1 )                                  | (a)(13 )                               |
| Net current period other comprehensive income (loss)       | 161                       | 32                                     | (10 )                                    | (5 )                                   |
| Balance as of September 30, 2016                           | \$ (2,091 )               | \$(981 )                               | \$ (13 )                                 | \$ (15 )                               |

(a) Included in computation of net periodic pension costs (see Note 4).

During the first quarter of 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:

|   | Nine Months<br>Ended<br>September 30,<br>2015 |
|---|---|
| Net income attributable to Kimberly-Clark Corporation   | \$ 680  |
| 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 | \$ 586  |

#### Note 7. 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, using forward-starting swaps, and these 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. However, consistent with other years, a portion of our net investment in our Mexican affiliate has been hedged. At September 30, 2016, we had in place net investment hedges of \$59 for a portion of our investment in our Mexican affiliate.

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

|                                     | Assets             |                   | Liabilities        |                   |
|-------------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                     | September 30, 2016 | December 31, 2015 | September 30, 2016 | December 31, 2015 |
| Foreign currency exchange contracts | \$ 30              | \$ 56             | \$ 21              | \$ 27             |
| Interest rate contracts             | 4                  | —                 | —                  | —                 |
| Commodity price contracts           | 2                  | —                 | 5                  | 15                |
| Total                               | \$ 36              | \$ 56             | \$ 26              | \$ 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. As of September 30, 2016, the aggregate notional values of outstanding interest rate contracts designated as fair value hedges were \$375. Fair value hedges resulted in no significant ineffectiveness in the nine months ended September 30, 2016 and 2015. For the nine months ended September 30, 2016 and 2015, gains or losses recognized in interest expense for interest rate swaps were not significant. For the nine month periods ended September 30, 2016 and 2015, 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 September 30, 2016, outstanding commodity forward contracts were in place to hedge a limited portion of our estimated requirements of the related underlying commodities in the remainder of 2016 and future periods. As of September 30, 2016, the aggregate notional value of outstanding foreign exchange derivative contracts designated as cash flow hedges was \$770, and there were no outstanding interest rate derivative contracts designated as cash flow hedges. Cash flow hedges resulted in no significant ineffectiveness for the nine months ended September 30, 2016 and 2015. For the nine months ended September 30, 2016 and 2015, no gains or losses were reclassified into earnings as a result of the discontinuance of cash flow hedges due to the original forecasted transaction no longer being probable of occurring. As of September 30, 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 September 30, 2016 is August 2019.

Gains or losses on undesignated foreign exchange hedging instruments are immediately recognized in other (income) and expense, net. Gains of \$5 and losses of \$77 were recorded in the three months ended September 30, 2016 and 2015, respectively. Gains of \$19 and losses of \$158 were recorded in the nine months ended September 30, 2016 and 2015, 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. As of September 30, 2016, the notional amount of these undesignated derivative instruments was \$2.2 billion.

#### Note 8. 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 K-C Professional.

The reportable segments were determined in accordance with how 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.

The following schedules present information concerning consolidated operations by business segment:

|  | Three Months Ended September 30, 2016 |                |               | Nine Months Ended September 30, 2015 |                 |               | Change |
|--|---------------------------------------|----------------|---------------|--------------------------------------|-----------------|---------------|--------|
|  | 2016                                  | 2015           | Change        | 2016                                 | 2015            | Change        |        |
| <b>NET SALES</b>                               |                                       |                |               |                                      |                 |               |        |
| Personal Care                                  | \$2,312                               | \$2,357        | -1.9 %        | \$6,798                              | \$6,971         | -2.5 %        |        |
| Consumer Tissue                                | 1,472                                 | 1,528          | -3.7 %        | 4,462                                | 4,601           | -3.0 %        |        |
| K-C Professional                               | 802                                   | 826            | -2.9 %        | 2,371                                | 2,443           | -2.9 %        |        |
| Corporate & Other                              | 8                                     | 7              | N.M.          | 27                                   | 37              | N.M.          |        |
| <b>TOTAL NET SALES</b>                         | <b>\$4,594</b>                        | <b>\$4,718</b> | <b>-2.6 %</b> | <b>\$13,658</b>                      | <b>\$14,052</b> | <b>-2.8 %</b> |        |
| <b>OPERATING PROFIT</b>                        |                                       |                |               |                                      |                 |               |        |
| Personal Care                                  | \$458                                 | \$484          | -5.4 %        | \$1,362                              | \$1,412         | -3.5 %        |        |
| Consumer Tissue                                | 267                                   | 260            | +2.7 %        | 822                                  | 811             | +1.4 %        |        |
| K-C Professional                               | 157                                   | 154            | +1.9 %        | 457                                  | 433             | +5.5 %        |        |
| Corporate & Other                              | (45 )                                 | (84 )          | N.M.          | (173 )                               | (244 )          | N.M.          |        |
| Other (income) and expense, net <sup>(a)</sup> | 1                                     | 35             | N.M.          | (10 )                                | 1,429           | N.M.          |        |
| <b>TOTAL OPERATING PROFIT</b>                  | <b>\$836</b>                          | <b>\$779</b>   | <b>+7.3 %</b> | <b>\$2,478</b>                       | <b>\$983</b>    | <b>N.M.</b>   |        |

N.M. - Not Meaningful

<sup>(a)</sup> Other (income) and expense, net includes charges related to pension settlements of \$19 and \$1,350 for the three and nine months ended September 30, 2015, respectively. See Note 4 for additional information.

#### Note 9. Supplemental Balance Sheet Data

The following schedule presents a summary of inventories by major class:

|  | September 30, 2016 |                 |                | December 31, 2015 |                 |                |
|--|--------------------|-----------------|----------------|-------------------|-----------------|----------------|
|  | LIFO               | Non-LIFO        | Total          | LIFO              | Non-LIFO        | Total          |
| Raw materials  | \$90               | \$ 249          | \$339          | \$100             | \$ 297          | \$397          |
| Work in process  | 106                | 94              | 200            | 110               | 93              | 203            |
| Finished goods   | 442                | 632             | 1,074          | 525               | 689             | 1,214          |
| Supplies and other                                     | —                  | 283             | 283            | —                 | 278             | 278            |
|  | 638                | 1,258           | 1,896          | 735               | 1,357           | 2,092          |
| Excess of FIFO or weighted-average cost over LIFO cost | (160 )             | —               | (160 )         | (183 )            | —               | (183 )         |
| <b>Total</b>   | <b>\$478</b>       | <b>\$ 1,258</b> | <b>\$1,736</b> | <b>\$552</b>      | <b>\$ 1,357</b> | <b>\$1,909</b> |

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.

The following schedule presents a summary of property, plant and equipment, net:

|                               | September 30, December 31, |          |
|-------------------------------|----------------------------|----------|
|                               | 2016                       | 2015     |
| Land                          | \$ 168                     | \$ 164   |
| Buildings                     | 2,647                      | 2,537    |
| Machinery and equipment       | 13,723                     | 13,393   |
| Construction in progress      | 389                        | 453      |
|                               | 16,927                     | 16,547   |
| Less accumulated depreciation | (9,729 )                   | (9,443 ) |
| Total                         | \$ 7,198                   | \$ 7,104 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Introduction

This management's discussion and analysis of financial condition and results of operations is intended to provide investors with an understanding of our recent performance, financial condition and prospects. The following will be discussed and analyzed:

#### Overview of Third Quarter 2016 Results

#### Results of Operations and Related Information

#### Liquidity and Capital Resources

#### Business Outlook

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.

This section presents a discussion and analysis of our third quarter 2016 net sales, operating profit and other information relevant to an understanding of the results of operations. Our analysis of the results for the three month and nine month periods ended September 30, 2016 reflects comparison to the same three and nine month periods ended September 30, 2015. In addition, we provide commentary regarding organic sales growth, which describes the impact of changes in volume, product mix and net selling price on net sales. Changes in foreign currency rates also impact the year-over-year change in net sales.

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 both 2016 and 2015 include charges related to this initiative. See additional information in Note 2 of the consolidated financial statements.

**Pension settlement charges** - In 2015, we recorded settlement-related charges from certain actions taken for our U.S. pension plan. See additional information in Note 4 of the consolidated financial statements.

**Turkey restructuring** - In 2015, we recorded charges related to the restructuring of our operations in Turkey.

**Adjustments related to Venezuelan Operations** - In 2016 and 2015, we recorded adjustments related to our Venezuelan operations. See additional information in Note 1 of the consolidated financial statements.

#### Overview of Third Quarter 2016 Results

Net sales of \$4.6 billion decreased approximately 3 percent compared to the prior year, as changes in foreign currency exchange rates reduced net sales by more than 2 percent. Organic sales were essentially even with prior year. Organic sales increased 3 percent in developing and emerging markets but were down elsewhere.

Operating profit of \$836 increased compared to \$779 in 2015. Net income attributable to Kimberly-Clark Corporation was \$550 in 2016 compared to \$517 in the prior year. Diluted earnings per share were \$1.52 in 2016 versus the prior

year \$1.41. Results in 2015 included \$17 of charges for restructuring the company's business in Turkey, \$11 of 2014 Organization Restructuring costs and \$19 of pension settlement-related charges.



Results of Operations and Related Information  
Consolidated

| Selected Financial Results                            | Three Months Ended<br>September 30 |         |                   | Nine Months Ended<br>September 30 |          |                   |
|---|------------------------------------|---------|-------------------|-----------------------------------|----------|-------------------|
|   | 2016                               | 2015    | Percent<br>Change | 2016                              | 2015     | Percent<br>Change |
| Net Sales   | \$4,594                            | \$4,718 | -2.6 %            | \$13,658                          | \$14,052 | -2.8 %            |
| Other (income) and expense, net                       | 1                                  | 35      | -97.1 %           | (10 )                             | 1,429    | N.M.              |
| Operating Profit                                      | 836                                | 779     | +7.3 %            | 2,478                             | 983      | N.M.              |
| Provision for income taxes                            | (227 )                             | (217 )  | +4.6 %            | (651 )                            | (166 )   | N.M.              |
| Share of net income of equity companies               | 33                                 | 37      | -10.8 %           | 103                               | 112      | -8.0 %            |
| Net Income  | 563                                | 529     | +6.4 %            | 1,701                             | 722      | N.M.              |
| Net Income Attributable to Kimberly-Clark Corporation | 550                                | 517     | +6.4 %            | 1,661                             | 680      | N.M.              |
| Diluted Earnings per Share                            | 1.52                               | 1.41    | +7.8 %            | 4.58                              | 1.85     | N.M.              |

N.M. - Not Meaningful

Operating Profit Reconciliation of GAAP to Non-GAAP

Operating Profit includes the following adjusting items:

|  | Three<br>Months<br>Ended<br>September<br>30 |       | Nine Months<br>Ended<br>September 30 |         |
|--|---|-------|--------------------------------------|---------|
|  | 2016  | 2015  | 2016                                 | 2015    |
| Operating Profit, GAAP                       | \$836                                       | \$779 | \$2,478                              | \$983   |
| Plus adjustments for:                        |   |       |                                      |         |
| 2014 Organization Restructuring              | —   | 11    | 15                                   | 36      |
| Pension Settlements                          | —   | 19    | —                                    | 1,350   |
| Charges for Turkey Restructuring             | —   | 17    | —                                    | 17      |
| Adjustments Related to Venezuelan Operations | —   | —     | (11 )                                | 45      |
| Adjusted Operating Profit                    | \$836                                       | \$826 | \$2,482                              | \$2,431 |

Analysis of Consolidated Net Sales and Operating Profit

| Net Sales                | Percent Change                              |  | Adjusted Operating Profit | Percent Change                              |  |
|--------------------------|---|--|---------------------------|---|--|
|                          | Three<br>Months<br>Ended<br>September<br>30 | Nine<br>Months<br>Ended<br>September<br>30 |                           | Three<br>Months<br>Ended<br>September<br>30 | Nine<br>Months<br>Ended<br>September<br>30 |
| Volume                   | —   | 2  | Volume                    | —   | 6  |
| Net Price                | —   | —  | Net Price                 | (1 )  | (1 )                                       |
| Mix/Other <sup>(a)</sup> | (1 )  | (1 )                                       | Input Costs               | 1   | 2  |
| Currency                 | (2 )  | (4 )                                       | Cost Savings              | 13  | 12   |
| Total                    | (2.6)                                       | (2.8 )                                     | Currency Translation      | (1 )  | (3 )                                       |
|                          |   |  | Other <sup>(b)</sup>      | (11 )                                       | (14 )                                      |

<sup>(a)</sup>Includes rounding

<sup>(b)</sup>Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs

Total 1.2 2.0

Net sales of \$4.6 billion in the third quarter of 2016 decreased 3 percent compared to prior year. Changes in foreign currency exchange rates reduced sales by more than 2 percent. Organic sales were essentially even with last year.

Third quarter operating profit was \$836 in 2016 and \$779 in 2015. Results in 2015 included \$17 of charges for restructuring the company's business in Turkey, \$11 of 2014 Organization Restructuring costs and \$19 of pension settlement-related charges. Adjusted operating profit of \$836 in the third quarter of 2016 increased 1 percent compared to \$826 in the prior year. The increase included benefits from \$105 in cost savings from the company's FORCE (Focused On Reducing Costs Everywhere) program and \$15 of savings from the 2014 Organization Restructuring. Input costs decreased \$10, mostly due to lower fiber costs. Translation

effects due to changes in foreign currency exchange rates lowered operating profit by \$10 and transaction effects also negatively impacted the comparison. Results in 2016 were also impacted by slightly lower net selling prices and unfavorable product mix, along with ongoing manufacturing-related cost increases.

Net sales for the first nine months of 2016 of \$13.7 billion decreased approximately 3 percent compared to prior year, as changes in foreign currency exchange rates reduced sales by more than 4 percent. Organic sales increased about 2 percent due to higher sales volumes.

Year-to-date operating profit was \$2,478 in 2016 compared to \$983 in 2015. Results in 2015 included \$1,350 of pension settlement-related charges. Adjusted operating profit of \$2,482 in 2016 increased 2 percent compared to \$2,431 in 2015. Results in 2016 included \$295 of FORCE cost savings and \$45 of savings from the 2014 Organization Restructuring. In addition, input costs were \$60 lower. Translation effects due to changes in foreign currency exchange rates lowered operating profit by \$85 and transaction effects also negatively impacted results.

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

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

|  | Three Months Ended September 30 |       | Nine Months Ended September 30 |          |
|--|---------------------------------|-------|--------------------------------|----------|
|  | 2016                            | 2015  | 2016                           | 2015     |
| Other (income) and expense, net, GAAP        | \$ 1                            | \$ 35 | \$(10)                         | \$ 1,429 |
| Less adjustments for:                        |                                 |       |                                |          |
| 2014 Organization Restructuring              | (3 )                            | —     | (3 )                           | —        |
| Pension Settlements                          | —                               | 19    | —                              | 1,350    |
| Adjustments Related to Venezuelan Operations | —                               | —     | (11 )                          | 40       |
| Adjusted other (income) and expense, net     | \$ 4                            | \$ 16 | \$ 4                           | \$ 39    |

Adjusted other (income) and expense, net improved due to lower foreign currency transaction losses in 2016 compared to the prior year.

Provision for Income Taxes Reconciliation of GAAP to Non-GAAP

Provision for income taxes includes the following adjusting items:

|                                     | Three Months Ended September 30 |         | Nine Months Ended September 30 |         |
|-------------------------------------|---------------------------------|---------|--------------------------------|---------|
|                                     | 2016                            | 2015    | 2016                           | 2015    |
| Effective Tax Rate, GAAP            | 30.0 %                          | 30.6 %  | 28.9 %                         | 21.4 %  |
| Provision for income taxes, GAAP    | \$(227)                         | \$(217) | \$(651)                        | \$(166) |
| Plus adjustments for:               |                                 |         |                                |         |
| 2014 Organization Restructuring     | (1 )                            | 4       | 3                              | 16      |
| Pension Settlements                 | —                               | 8       | —                              | 520     |
| Adjusted Provision for income taxes | \$(226)                         | \$(229) | \$(654)                        | \$(702) |
| Adjusted Effective Tax Rate         | 29.9 %                          | 30.3 %  | 29.0 %                         | 31.6 %  |

The decrease in the adjusted effective tax rate for the nine month period ended September 30, 2016 is due to resolution of certain tax matters and benefits from certain tax planning initiatives.

Share of Net Income of Equity Companies

Our share of net income of equity companies was \$33 and \$37 for the three months ended September 30, 2016 and 2015, respectively, and \$103 and \$112 for the nine months ended September 30, 2016 and 2015, respectively.

Kimberly-Clark de Mexico, S.A.B. de C.V. results were negatively impacted by a weaker Mexican peso, mostly offset by benefits from organic sales growth, lower input costs and cost savings.



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

|  | Three<br>Months<br>Ended<br>September<br>30 |       | Nine Months<br>Ended<br>September 30 |         |
|--|---|-------|--------------------------------------|---------|
|  | 2016  | 2015  | 2016                                 | 2015    |
| Net Income Attributable to Kimberly-Clark, GAAP    | \$550                                       | \$517 | \$1,661                              | \$680   |
| Plus adjustments (net of tax) for:                 |   |       |                                      |         |
| 2014 Organization Restructuring                    | 1   | 7     | 12                                   | 20      |
| Pension Settlements                                | —   | 11    | —                                    | 830     |
| Charges for Turkey Restructuring                   | —   | 17    | —                                    | 17      |
| Adjustments Related to Venezuelan Operations       | —   | —     | (11)                                 | 45      |
| Adjusted Net Income Attributable to Kimberly-Clark | \$551                                       | \$552 | \$1,662                              | \$1,592 |

|  | Three<br>Months<br>Ended<br>September<br>30 |        | Nine Months<br>Ended<br>September 30 |        |
|--|---|--------|--------------------------------------|--------|
|  | 2016  | 2015   | 2016                                 | 2015   |
| Diluted Earnings (Loss) Per Share, GAAP      | \$1.52                                      | \$1.41 | \$4.58                               | \$1.85 |
| Plus adjustments for:                        |   |        |                                      |        |
| 2014 Organization Restructuring              | —   | 0.02   | 0.03                                 | 0.05   |
| Pension Settlements                          | —   | 0.03   | —                                    | 2.26   |
| Charges for Turkey Restructuring             | —   | 0.05   | —                                    | 0.05   |
| Adjustments Related to Venezuelan Operations | —   | —      | (0.03)                               | 0.12   |
| Rounding                                     | —   | —      | 0.01                                 | 0.01   |
| Adjusted Earnings Per Share                  | \$1.52                                      | \$1.51 | \$4.59                               | \$4.34 |

The increase in adjusted earnings per share for the nine months ended September 30, 2016 is primarily due to benefits from a lower effective tax rate, along with increased operating profit and a lower share count.

#### Results by Geography

|                        | Three Months<br>Ended<br>September 30 |                | Nine Months<br>Ended<br>September 30 |                 |
|------------------------|---------------------------------------|----------------|--------------------------------------|-----------------|
|                        | 2016                                  | 2015           | 2016                                 | 2015            |
| <b>NET SALES</b>       |                                       |                |                                      |                 |
| North America          | \$2,410                               | \$2,462        | \$7,193                              | \$7,181         |
| Outside North America  | 2,260                                 | 2,344          | 6,689                                | 7,132           |
| Intergeographic sales  | (76 )                                 | (88 )          | (224 )                               | (261 )          |
| <b>TOTAL NET SALES</b> | <b>\$4,594</b>                        | <b>\$4,718</b> | <b>\$13,658</b>                      | <b>\$14,052</b> |

|  | Three Months<br>Ended<br>September 30 |              | Nine Months<br>Ended<br>September 30 |              |
|--|---------------------------------------|--------------|--------------------------------------|--------------|
|  | 2016                                  | 2015         | 2016                                 | 2015         |
| <b>OPERATING PROFIT</b>                        |                                       |              |                                      |              |
| North America                                  | \$575                                 | \$555        | \$1,734                              | \$1,615      |
| Outside North America                          | 307                                   | 343          | 907                                  | 1,041        |
| Corporate & Other                              | (45 )                                 | (84 )        | (173 )                               | (244 )       |
| Other (income) and expense, net <sup>(a)</sup> | 1                                     | 35           | (10 )                                | 1,429        |
| <b>TOTAL OPERATING PROFIT</b>                  | <b>\$836</b>                          | <b>\$779</b> | <b>\$2,478</b>                       | <b>\$983</b> |

(a)

Corporate & Other and Other (income) and expense, net include expenses not associated with the business segments, including charges as indicated in the Non-GAAP Reconciliations.

## Results by Business Segments

## Personal Care

| Three Months Ended September 30 |                | Nine Months Ended September 30 |                      | Three Months Ended September 30 |                  | Nine Months Ended September 30 |       |         |         |
|---------------------------------|----------------|--------------------------------|----------------------|---------------------------------|------------------|--------------------------------|-------|---------|---------|
| 2016                            | 2015           | 2016                           | 2015                 | 2016                            | 2015             | 2016                           | 2015  |         |         |
| Net Sales                       | \$2,312        | \$2,357                        | \$6,798              | \$6,971                         | Operating Profit | \$458                          | \$484 | \$1,362 | \$1,412 |
| Net Sales                       | Percent Change | Percent Change                 | Operating Profit     | Percent Change                  | Percent Change   |                                |       |         |         |
| Volume                          | 3              | 4                              | Volume               | 4                               |                  | 9                              |       |         |         |
| Net Price                       | (1 )           | (1 )                           | Net Price            | (5 )                            | (5 )             |                                |       |         |         |
| Mix/Other <sup>(a)</sup>        | 1 )            | 1                              | Input Costs          | (1 )                            | 2                |                                |       |         |         |
| Currency                        | (3 )           | (6 )                           | Cost Savings         | 13                              | 13               |                                |       |         |         |
| Total                           | (1.9 )         | (2.5 )                         | Currency Translation | (2 )                            | (5 )             |                                |       |         |         |
|                                 |                |                                | Other <sup>(b)</sup> | (14 )                           | (18 )            |                                |       |         |         |
|                                 |                |                                | Total                | (5.4 )                          | (4.0 )           |                                |       |         |         |

<sup>(a)</sup>Includes rounding

<sup>(b)</sup>Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs

Third quarter net sales of \$2.3 billion decreased 2 percent compared to prior year. Unfavorable currency rates reduced sales 3 percent. Sales volumes increased approximately 3 percent while changes in net selling prices decreased sales by 1 percent. Third quarter operating profit of \$458 decreased 5 percent. The comparison was impacted by unfavorable currency effects, changes in net selling prices and product mix and increased marketing, research and general spending on a local currency basis, partially offset by volume growth and cost savings.

Net sales in North America decreased 1 percent. Changes in net selling prices decreased sales by 2 percent, while sales volumes improved 1 percent compared to 10 percent growth in prior year. Child care volumes rose double-digits, with benefits from innovations and category growth. Baby wipes volumes also increased double-digits and market shares improved. Huggies diaper and adult care volumes were down low single-digits and mid-single digits, respectively, compared to double-digit growth in the year-ago period that included benefits from innovation launches and increased promotion shipments. Adult care volumes in 2016 were also impacted by competitive promotion activity.

Net sales in developing and emerging markets decreased 4 percent, including an 8 percent impact from unfavorable currency rates. Sales volumes increased 4 percent, with gains in China, Eastern Europe and the Middle East/Africa, and declines in Argentina and Brazil. Overall changes in net selling prices were even year-on-year, as increases in response to weaker currency rates and local cost inflation, primarily in Latin America, were offset by decreases in China.

Net sales in developed markets outside North America increased 1 percent. Sales volumes advanced 2 percent and changes in product mix improved sales slightly, while changes in net selling prices decreased sales by 2 percent.

Consumer Tissue

| Three Months Ended September 30 |                | Nine Months Ended September 30 |                      | Operating Profit | Three Months Ended September 30 |       | Nine Months Ended September 30 |       |
|---------------------------------|----------------|--------------------------------|----------------------|------------------|---------------------------------|-------|--------------------------------|-------|
| 2016                            | 2015           | 2016                           | 2015                 |                  | 2016                            | 2015  | 2016                           | 2015  |
| Net Sales                       | \$1,472        | \$1,528                        | \$4,462              | \$4,601          | \$267                           | \$260 | \$822                          | \$811 |
| Net Sales                       | Percent Change | Percent Change                 | Operating Profit     | Percent Change   | Percent Change                  |       |                                |       |
| Volume                          | (2 )           | —                              | Volume               | (3 )             | 2                               |       |                                |       |
| Net Price                       | —              | —                              | Net Price            | 3                | 3                               |       |                                |       |
| Mix/Other <sup>(a)</sup>        | —              | —                              | Input Costs          | 6                | 3                               |       |                                |       |
| Currency                        | (2 )           | (3 )                           | Cost Savings         | 10               | 8                               |       |                                |       |
| Total                           | (3.7 )         | (3.0 )                         | Currency Translation | (1 )             | (1 )                            |       |                                |       |
|                                 |                |                                | Other <sup>(b)</sup> | (12 )            | (14 )                           |       |                                |       |
|                                 |                |                                | Total                | 2.7              | 1.0                             |       |                                |       |

<sup>(a)</sup>Includes rounding

<sup>(b)</sup>Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs



Third quarter net sales of \$1.5 billion decreased 4 percent. Currency rates had an unfavorable impact of 2 percent and volumes declined 2 percent. Third quarter operating profit of \$267 increased 3 percent. The comparison benefited from cost savings and input cost deflation, partially offset by unfavorable currency effects and lower organic sales. Net sales in North America decreased 4 percent. Sales volumes decreased 3 percent and changes in product mix decreased sales by 1 percent. The sales volume comparison was impacted by changes in the timing of promotion shipments and strong growth in the year-ago period.

Net sales in developing and emerging markets decreased 4 percent, including a 4 percent negative impact from currency rates. Changes in net selling prices increased sales by 3 percent but were offset by lower sales volumes. Net sales in developed markets outside North America decreased 4 percent with currency rates unfavorable by 3 percent. Changes in net selling prices reduced sales by 2 percent, while sales volumes improved 1 percent.

K-C Professional

| Three Months Ended September 30 |       |       |         | Three Months Ended September 30 |                  |       |       | Nine Months Ended September 30 |       |      |  |
|---------------------------------|-------|-------|---------|---------------------------------|------------------|-------|-------|--------------------------------|-------|------|--|
| 2016                            |       | 2015  |         | 2016                            |                  | 2015  |       | 2016                           |       | 2015 |  |
| Net Sales                       | \$802 | \$826 | \$2,371 | \$2,443                         | Operating Profit | \$157 | \$154 | \$457                          | \$433 |      |  |

| Net Sales Change | Percent Change | Volume | Net Price | Mix/Other <sup>(a)</sup> | Currency | Total | Operating Profit | Percent Change | Percent Change |
|------------------|----------------|--------|-----------|--------------------------|----------|-------|------------------|----------------|----------------|
| (2 )             | (1 )           | 1      | —         | (2 )                     | (2.9 )   | (5 )  | 7                | —              | 6              |
|                  |                |        |           |                          |          |       | —                | 1              | 10             |
|                  |                |        |           |                          |          |       | 7                | 10             | 10             |
|                  |                |        |           |                          |          |       | (1 )             | (3 )           | (3 )           |
|                  |                |        |           |                          |          |       | (6 )             | (8 )           | (8 )           |

<sup>(a)</sup>Includes rounding  
<sup>(b)</sup>Includes the impact of changes in marketing, research, and general expenses, foreign currency transaction effects and other manufacturing costs

Third quarter net sales of \$0.8 billion decreased 3 percent. Unfavorable changes in currency rates reduced net sales 2 percent. Sales volumes declined 2 percent, while changes in net selling prices increased sales by 1 percent. Changes in product/mix other reduced sales slightly, including an approximate 1 percent impact from lower sales of nonwovens to Halyard Health, Inc. Third quarter operating profit of \$157 increased 2 percent. The comparison benefited from higher net selling prices and cost savings, mostly offset by unfavorable currency effects and lower volumes.

Net sales in North America increased 1 percent due to higher net selling prices. Overall sales volumes were even year-on-year, as growth in washroom products was offset by declines in other categories.

Net sales in developing and emerging markets decreased 1 percent, including a 5 percent negative impact from unfavorable currency rates. Changes in net selling prices increased sales by 4 percent, primarily in Latin America. Changes in product mix improved sales by 1 percent, while sales volumes fell 2 percent.

Net sales in developed markets outside North America decreased 6 percent. Changes in currency rates reduced sales about 2 percent. Volumes fell 6 percent while the combined impact of changes in net selling prices and product mix

increased sales by 1 percent. The volume decline was driven by results in Western/Central Europe.

#### 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 is intended to improve underlying profitability and increase our flexibility to invest in targeted growth initiatives, brand building and other capabilities critical to delivering future growth. The plan is expected to be completed by the end of 2016, with total costs, primarily severance, anticipated to be toward the high end of the range of \$130 to \$160 after tax (\$190 to \$230 pretax). Cash costs are projected to be approximately 80 percent of the total charges. Cumulative pretax savings from the restructuring are expected to be toward the high end of the range of \$120 to \$140 by the end of 2017, and were \$115 through September 30, 2016. The restructuring is expected to impact all of our business segments and our organizations in all major geographies. Total charges were \$15 (\$12 after tax) and \$36 (\$20 after tax) for the nine months ended September 30, 2016 and 2015, respectively.

## Liquidity and Capital Resources

### Cash Provided by Operations

Cash provided by operations was \$2.4 billion for the first nine months of 2016, compared to \$1.6 billion in the prior year. The increase included benefits from improved working capital and lower pension contributions. For the nine months ended September 30, 2016 and 2015, defined benefit pension plan contributions were \$35 and \$437, respectively.

### Investing

During the first nine months of 2016, our capital spending was \$582 compared to \$798 in the prior year. We anticipate that full-year 2016 capital spending will be somewhat below the previous target range of \$950 to \$1,050.

### Financing

On February 22, 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 commercial paper indebtedness.

On July 29, 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.

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 \$242 as of September 30, 2016 (included in debt payable within one year on the Consolidated Balance Sheet). The average month-end balance of short-term debt for the third quarter of 2016 was \$325. 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 September 30, 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 repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During the first nine months of 2016, we repurchased 4.0 million shares of our common stock at a cost of \$525 through a broker in the open market. We are targeting full-year 2016 share repurchases of \$750 subject to market conditions.

### Business Outlook

In 2016, 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 2016, we expect diluted earnings per share in a range of \$5.92 to \$6.05 (prior outlook \$5.92 to \$6.15) and adjusted earnings per share in a range of \$5.95 to \$6.05 (prior outlook \$5.95 to \$6.15). The adjusted earnings per share excludes expected 2014 Organization Restructuring charges equivalent to \$0.03 to \$0.06 and the positive impact of an adjustment related to Venezuela recorded in the second quarter equivalent to \$0.03. Our adjusted earnings per share guidance is based on the assumptions described below:

• Growth in organic sales of 2 percent compared to the previously assumed growth at the low end of the 3 to 5 percent range.

• Negative foreign currency translation effects on net sales and operating profit of 4 and 3 percent, respectively (prior assumption of 4 to 5 percent range for each).

• Net impact of changes in commodity costs to be between \$25 and \$125 of deflation year-on-year.

• Cost savings of \$350 to \$400 from our FORCE program and at least \$50 from the 2014 Organization Restructuring.

• Full-year 2016 effective tax rate and adjusted effective tax rate will both be approximately at the lower end of the 30.5 to 32.5 percent target range.

• Our share of net income from equity companies to be down somewhat, compared to 2015.



#### Information Concerning Forward-Looking Statements

Certain matters contained in this report concerning the business outlook, including the anticipated costs, scope, timing and financial and other effects of the 2014 Organization Restructuring, the anticipated cost savings from the company's FORCE program, cash flow and uses of cash, growth initiatives, innovations, marketing and other spending, cost savings and reductions, net sales, anticipated currency rates and exchange risks, raw material, energy and other input costs, 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.

For a description of certain factors that could cause our future results to differ from those expressed in these forward-looking statements, see Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015 entitled "Risk Factors." Other factors not presently known to us or that we presently consider immaterial could also affect our business operations and financial results.

#### Item 4. Controls and Procedures

As of September 30, 2016, an evaluation was performed under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2016. There were no changes in our internal control over financial reporting during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

## Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. All our share repurchases during the third quarter of 2016 were made through a broker in the open market.

The following table contains information for shares repurchased during the third 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 <sup>(a)</sup> | 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 |
|-----------------------------|---|------------------------------|--|--|
| July 1 to July 31           | 396,000   | \$134.01                     | 6,419,811  | 33,580,189   |
| August 1 to August 31       | 694,000   | 128.85                       | 7,113,811  | 32,886,189   |
| September 1 to September 30 | 659,000   | 125.17                       | 7,772,811  | 32,227,189   |
| Total                       | 1,749,000                                       |                              |  |  |

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

Item 6. Exhibits

(a) Exhibits

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. (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

Exhibit No. (101).PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements 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  
(Registrant)

By: /s/ Maria Henry  
Maria Henry  
Senior Vice President and  
Chief Financial Officer  
(principal financial officer)

By: /s/ Michael T. Azbell  
Michael T. Azbell  
Vice President and Controller  
(principal accounting officer)

October 24, 2016



EXHIBIT INDEX

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