

KIMBERLY CLARK CORP  
Form 10-K  
February 11, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-K

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Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended December 31, 2015

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

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

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Delaware 1-225 39-0394230  
(State or other jurisdiction of incorporation) (Commission file number) (I.R.S. Employer Identification No.)

P.O. Box 619100, Dallas, Texas 75261-9100  
(Address of principal executive offices) (Zip code)

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

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

Common Stock—\$1.25 Par Value (Title of each class)	New York Stock Exchange (Name of each exchange on which registered)
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Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

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

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

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

Large accelerated filer  Accelerated filer   
Smaller reporting company

Non-accelerated filer

(Do not check if a smaller reporting company)

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

The aggregate market value of the registrant's common stock held by non-affiliates on June 30, 2015 (based on the most recent closing stock price on the New York Stock Exchange as of such date) was approximately \$38.6 billion. As of February 4, 2016, there were 360,899,707 shares of Kimberly-Clark common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information contained in the definitive Proxy Statement for Kimberly-Clark's Annual Meeting of Stockholders to be held on May 4, 2016 is incorporated by reference into Part III.

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KIMBERLY-CLARK CORPORATION  
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PART I

ITEM 1. BUSINESS

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

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

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

Recent Developments

Effective January 2015, we amended the U.S. pension plan to include a lump-sum pension benefit payout option for certain plan participants. In addition, in April 2015, the U.S. pension plan completed the purchase of group annuity contracts that transferred to two insurance companies the pension benefit obligations totaling \$2.5 billion for approximately 21,000 Kimberly-Clark retirees in the United States. As a result of these changes, we recognized pension settlement-related charges of \$0.8 billion after tax (\$1.4 billion pre-tax in other (income) and expense, net) during 2015, mostly in the second quarter. See additional information in MD&A and Item 8, Note 9 to the Consolidated Financial Statements.

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. The change reflects the continued deterioration of conditions in the country, including a slowdown in the availability of foreign exchange, and resulted in an after tax charge of \$102 in the fourth quarter of 2015. Beginning in the first quarter of 2016, we will no longer include the results of our Venezuelan business in our consolidated financial statements.

Description of Kimberly-Clark

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

Personal Care brands offer our consumers a trusted partner in caring for themselves and their families by delivering confidence, protection and discretion through a wide variety of innovative solutions and products such as disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Kotex, U by Kotex, Intimus, Depend, Plenitud, Poise and other brand names.

Consumer Tissue offers a wide variety of innovative solutions and trusted brands that touch and improve people's lives every day. Products in this segment include facial and bathroom tissue, paper towels, napkins and related products, and are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Neve and other brand names.

K-C Professional partners with businesses to create Exceptional Workplaces, helping to make them healthier, safer and more productive through a range of solutions and supporting products such as wipers, tissue, towels, apparel, soaps and sanitizers. Our brands, including Kleenex, Scott, WypAll, Kimtech and Jackson Safety, are well-known for quality and trusted to help people around the world work better.

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

Products for household use are sold directly to supermarkets, mass merchandisers, drugstores, warehouse clubs, variety and department stores and other retail outlets, as well as through other distributors and e-commerce. Products for away-from-home

use are sold through distributors and directly to manufacturing, lodging, office building, food service, and high volume public facilities.

Net sales to Wal-Mart Stores, Inc. were approximately 14 percent in 2015, and approximately 13 percent in 2014 and 2013, of our total net sales.

#### Patents and Trademarks

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

#### Raw Materials

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

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

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

#### Competition

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

#### Research and Development

Research and development expenditures are directed toward new or improved personal care, tissue, wiping, safety and nonwoven materials. Consolidated research and development expense was \$324 in 2015, \$368 in 2014 and \$333 in 2013.

#### Foreign Market Risks

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

#### Environmental Matters

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

	2016	2017
Facilities in U.S.	\$6	\$4
Facilities outside U.S.	45	27
Total	\$51	\$31

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

	2016	2017
Facilities in U.S.	\$53	\$53
Facilities outside U.S.	86	87
Total	\$139	\$140

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

#### Employees

In our worldwide consolidated operations, we had approximately 43,000 employees as of December 31, 2015.

#### Available Information

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

### ITEM 1A. RISK FACTORS

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

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

Our strategy includes operations growth outside the U.S., especially in developing markets such as China, Latin America and Eastern Europe. More than half of our net sales come from markets outside the U.S. We and our equity companies have manufacturing facilities in 39 countries, and sell products in more than 175 countries. Our results may be substantially affected by a number of foreign market risks:

Exposure to the movement of various currencies against each other and the U.S. dollar. A portion of the exposures, arising from transactions and commitments denominated in non-local currencies, is systematically managed through foreign currency forward and swap contracts. We do not generally hedge our translation exposure with respect to foreign operations.

Increases in dollar-based input costs for operations outside the U.S. due to weaker foreign exchange rates versus the U.S. dollar. There can be no assurance that we will be protected against substantial foreign currency fluctuations.

Increases in currency exchange restrictions. These restrictions could limit our ability to repatriate earnings from outside the U.S. or obtain currency exchange for U.S. dollar inputs to continue operating in certain countries.

Adverse political conditions. Risks related to political instability, expropriation, new or revised legal or regulatory constraints, difficulties in enforcing contractual and intellectual property rights, and potentially adverse tax consequences would adversely affect our financial results.





The inability to effectively manage foreign market risk could adversely affect our business, consolidated financial condition, results of operations or liquidity. See Recent Developments, MD&A and Item 8, Note 1 for information about the impact on our operations from currency restrictions in Venezuela and our decision to deconsolidate our Venezuelan operations at December 31, 2015.

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

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

Alternatively, some of these competitors may have significantly lower product development and manufacturing costs, particularly with respect to private label products, allowing them to offer products at a lower price. The actions of these competitors could adversely affect our financial results. It may be necessary for us to lower prices on our products and increase spending on advertising and promotions, which could adversely affect our financial results.

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

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

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

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

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

Our products are sold in a highly competitive global marketplace, which continues to experience increased concentration and the growing presence of large-format retailers and discounters. With the consolidation of retail trade, especially in developed markets such as the U.S., Europe and Australia, we are increasingly dependent on key retailers, and some of these retailers, including large-format retailers, may have significant bargaining power. They

may use this leverage to demand higher trade discounts or allowances which could lead to reduced profitability. We may also be negatively affected by changes in the policies of our retail trade customers, such as inventory de-stocking, limitations on access to shelf space, delisting of our products, additional requirements related to safety, environmental, social and other sustainability issues, and other conditions. If we lose a significant customer or if sales of our products to a significant customer materially decrease, our business, financial condition and results of operations may be

adversely affected. In addition, the emergence of new sales channels may affect customer preferences and market dynamics and could adversely impact our financial results. These new channels include sales of consumer and other products via e-commerce, as well as the growth of large-format retailers and discounters that exclusively sell private-label products.

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

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

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

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

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

New or revised legal or regulatory requirements, potential litigation or administrative actions, or tax matters could have an adverse effect on our financial results.

As a global company, we are subject to many laws and governmental regulations across all of the countries in which we do business, including laws and regulations involving marketing, antitrust, anti-bribery or anti-corruption, product liability, environmental, intellectual property or other matters, as well as potential litigation or administrative actions. Additionally, our sales and results of operations may be adversely impacted by new or revised legal requirements, including excise or other taxes, financial reform legislation and regulations, export control and foreign sanctions legislation, and climate change and other environmental legislation and regulations. The costs and other effects of pending litigation and administrative actions against us and new legal requirements cannot be determined with certainty. For example, new legislation or regulations may result in increased costs to us, directly for our compliance or indirectly to the extent suppliers increase prices of goods and services because of increased compliance costs or reduced availability of raw materials. Adverse regulatory action, including a recall, regulatory or other governmental investigation, or product liability or other litigation may adversely affect our financial condition and business operations.

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

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

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

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

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

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

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

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

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

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

We may divest or acquire product lines or businesses, which could impact our results.

We periodically divest product lines or businesses. These divestitures may adversely impact our results if we are unable to offset the dilutive impacts from the loss of revenue associated with the divested products or businesses, mitigate overhead costs allocated to those businesses, or otherwise achieve the anticipated benefits or cost savings from the divestitures. Furthermore, the divestitures could adversely affect our ongoing business operations, including by enhancing our competitors' positions or reducing consumer confidence in our ongoing brands and products.

We may pursue acquisitions of product lines or businesses from third parties. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired product lines or businesses, estimation and assumption of liabilities and contingencies, personnel turnover and the diversion of management's attention from other business concerns. We may be unable to successfully integrate and manage product lines or businesses that we may acquire in the future, or be unable to achieve anticipated benefits or cost

savings from acquisitions in the timeframe we anticipate, or at all.

The inability to effectively and efficiently manage divestitures and acquisitions with the results we expect or in the timeframe we anticipate could adversely affect our business, consolidated financial condition, results of operations or liquidity.

The 2014 spin-off of our health care business could result in substantial tax liability to us and our shareholders. On October 31, 2014, we completed the spin-off of our health care business, creating a stand-alone, publicly traded health care company, Halyard Health, Inc. ("Halyard"). Historically, the IRS provided companies seeking to perform a spin-off transaction with an advance ruling that the proposed spin-off transaction would qualify for tax-free treatment. However, the IRS no longer provides such advance rulings. Prior to completing the spin-off of our health care business, we obtained an opinion of counsel that neither we nor our U.S. shareholders will recognize taxable income, gain or loss for U.S. federal income tax purposes as a result of the spin-off. The opinion of counsel is based on certain statements and representations made by us, which, if incomplete or inaccurate in any material respect, could invalidate the opinion of counsel. In addition, this opinion is not binding on the IRS. Accordingly, the IRS or the courts may reach conclusions with respect to the spin-off that are different from the conclusions reached in the opinion of counsel. If the spin-off and certain related transactions were determined to be taxable, we would be subject to a substantial tax liability. In addition, if the spin-off were deemed taxable, each U.S. holder of our common stock who received shares of Halyard would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of the shares received.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

At December 31, 2015 we own or lease:

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

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

Geographic Area:	Number of Facilities
United States (in 16 states)	18
Europe	13
Asia, Latin America and other	63
Worldwide Total (in 39 countries)	94

Many of these facilities produce multiple products. Consumer tissue and KCP products are produced in 57 facilities and personal care products are produced in 51 facilities. We believe that our and our equity affiliates' facilities are suitable for their purpose, adequate to support their businesses and well maintained.

### ITEM 3. LEGAL PROCEEDINGS

See Item 8, Note 12 to the Consolidated Financial Statements for information on legal proceedings, which is incorporated in this Item 3 by reference.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### EXECUTIVE OFFICERS OF THE REGISTRANT

The names and ages of our executive officers as of February 11, 2016, together with certain biographical information, are as follows:

Thomas J. Falk, 57, was elected Chairman of the Board and Chief Executive Officer in 2003 and President and Chief Executive Officer in 2002. Prior to that, he served as President and Chief Operating Officer since 1999. Mr. Falk previously had been elected Group President - Global Tissue, Pulp and Paper in 1998, where he was responsible for Kimberly-Clark's global tissue businesses. Earlier in his career, Mr. Falk had responsibility for Kimberly-Clark's North American Infant Care, Child Care and Wet Wipes businesses. Mr. Falk joined Kimberly-Clark in 1983 and has held other senior management positions. He has been a director of Kimberly-Clark since 1999. He also serves on the board of directors of Lockheed Martin Corporation, Catalyst Inc., the Global Consumer Goods Forum, and the University of Wisconsin Foundation, and serves as a governor of the Boys & Girls Clubs of America.

Lizanne C. Gottung, 59, was elected Senior Vice President and Chief Human Resources Officer in 2002. She is responsible for leading the design and implementation of all human capital strategies for Kimberly-Clark, including global compensation and benefits, talent management, diversity and inclusion, organizational effectiveness and corporate health services. Ms. Gottung joined Kimberly-Clark in 1981. She has held a variety of human resources, manufacturing and operational roles of increasing responsibility, including Vice President of Human Resources from 2001 to 2002. She is a director of Louisiana-Pacific Corporation.

Maria Henry, 49, was elected Senior Vice President and Chief Financial Officer in April 2015. Prior to joining Kimberly-Clark, Ms. Henry was the chief financial officer of Hillshire Brands Company from 2012 to 2014, and Chief Financial Officer of Sara Lee's North American Retail and Food Service business from 2011 to 2012. Prior to joining Sara Lee in 2011, Ms. Henry was executive vice president and chief financial officer of Culligan International, where she was responsible for finance, strategy, business development and information technology. Before Culligan, Ms. Henry was the Chief Financial Officer for Vastera, a publicly-traded global trade management company. She began her career at General Electric.

Michael D. Hsu, 51, was elected Group President - K-C North America in 2013. From 2012 to May 2013, his title was Group President - North America Consumer Products. He is responsible for our consumer business in North America, as well as leading the development of new business strategies for global nonwovens. Prior to joining Kimberly-Clark, Mr. Hsu served as Executive Vice President and Chief Commercial Officer of Kraft Foods, Inc., a North American grocery manufacturing and processing conglomerate, from January 2012 to July 2012, as President of Sales, Customer Marketing and Logistics from 2010 to 2012 and as President of its grocery business unit from 2008 to 2010. Prior to that, Mr. Hsu served as President and Chief Operating Officer, Foodservice at H. J. Heinz Company, a manufacturer and marketer of food products.

Sandra MacQuillan, 49, was appointed Senior Vice President and Chief Supply Chain Officer in April 2015. She is responsible for procurement, transportation, continuous improvement, sustainability, quality, safety, regulatory operations and lean cost transformation. Ms. MacQuillan joined Kimberly-Clark from Mars Incorporated, where she served from 2009 to 2015 as Global Vice President, Supply Chain responsible for manufacturing, engineering and logistics for Global Petcare. She has extensive experience in procurement, technology and engineering.

Thomas J. Mielke, 57, was elected Senior Vice President - General Counsel in 2013. From 2007 to 2012, his title was Senior Vice President - Law and Government Affairs and Chief Compliance Officer, and from 2012 to 2013, his title was Senior Vice President - General Counsel and Chief Compliance Officer. His responsibilities include our legal affairs, internal audit and government relations activities. Mr. Mielke joined Kimberly-Clark in 1988. He held various positions within the legal function





and was appointed Vice President and Chief Patent Counsel in 2000, and Vice President and Chief Counsel - North Atlantic Consumer Products in 2004.

Anthony J. Palmer, 56, was elected President - Global Brands and Innovation in 2012. Previously, he served as Senior Vice President and Chief Marketing Officer from 2006 to 2012. He leads the global development of the company's consumer categories through marketing, innovations, category and customer development and shopper marketing. In addition, he leads the company's global marketing, innovation, corporate research and development and corporate communications functions. Prior to joining Kimberly-Clark in 2006, he served in a number of senior marketing and general management roles at the Kellogg Company, a producer of cereal and convenience foods, from 2002 to 2006, including as managing director of Kellogg's U.K. business. He is a director of The Hershey Company.

Elane B. Stock, 51, was elected Group President - K-C International in 2014. She is responsible for our businesses in Asia, Latin America, Europe, the Middle East and Africa. She previously served as Group President - K-C Professional from 2013 to 2014. From 2012 to 2013, her title was President - Global K-C Professional. She also served as Senior Vice President and Chief Strategy Officer from 2010 to 2012. Prior to joining Kimberly-Clark, Ms. Stock served as National Vice President of Strategy for the American Cancer Society from 2008 to 2010. From 2007 to 2008, she was a regional manager at Georgia-Pacific Corporation (Koch Industries). Ms. Stock was a partner at McKinsey & Company, Inc. in Ireland from 2005 to 2007. She is a director of Yum! Brands, Inc.

Kimberly K. Underhill, 51, was appointed President of K-C Professional in 2014. From 2011 to 2014, she served as President, Consumer Europe. She is responsible for our global professional business, which includes commercial tissue and wipers, skin care, safety and Do-It-Yourself products. She joined Kimberly-Clark in 1988 and has held a number of positions with increasing responsibility within research and engineering, operations and marketing.

## PART II

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

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

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

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

As of February 4, 2016, we had 22,972 holders of record of our common stock.

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

We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During 2015, we repurchased 7.1 million shares of our common stock at a cost of \$800 through a broker in the open market.

The following table contains information for shares repurchased during the fourth quarter of 2015. None of the shares in this table were repurchased directly from any of our officers or directors.

Period (2015)	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
October 1 to October 31	1,089,000	\$116.37	1,882,811	38,117,189
November 1 to November 30	1,102,000	119.85	2,984,811	37,015,189
December 1 to December 31	749,000	121.73	3,733,811	36,266,189
Total	2,940,000			

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. SELECTED FINANCIAL DATA

	Year Ended December 31					
	2015 <sup>(a)</sup>	2014 <sup>(b)</sup>	2013 <sup>(c)</sup>	2012 <sup>(d)</sup>	2011 <sup>(e)</sup>	
Net Sales	\$18,591	\$19,724	\$19,561	\$19,467	\$19,268	
Gross Profit	6,624	6,683	6,609	6,129	5,539	
Operating Profit	1,613	2,521	2,903	2,377	2,152	
Share of Net Income of Equity Companies	149	146	205	177	161	
Income from Continuing Operations	1,066	1,545	2,018	1,627	1,495	
Income from Discontinued Operations, Net of Income Taxes	—	50	203	201	189	
Net Income	1,066	1,595	2,221	1,828	1,684	
Net Income Attributable to Noncontrolling Interests in Continuing Operations	(53	) (69	) (79	) (78	) (93	)
Net Income Attributable to Kimberly-Clark Corporation	1,013	1,526	2,142	1,750	1,591	
Per Share Basis						
Net Income Attributable to Kimberly-Clark Corporation						
Basic						
Continuing operations	2.78	3.94	5.05	3.94	3.54	
Discontinued operations	—	0.13	0.53	0.51	0.48	
Net income	2.78	4.07	5.58	4.45	4.02	
Diluted						
Continuing operations	2.77	3.91	5.01	3.91	3.52	
Discontinued operations	—	0.13	0.52	0.51	0.47	
Net income	2.77	4.04	5.53	4.42	3.99	
Cash Dividends Per Share						
Declared	3.52	3.36	3.24	2.96	2.80	
Paid	3.48	3.33	3.17	2.92	2.76	
Total Assets	14,842	15,526	18,919	19,873	19,373	
Long-Term Debt	6,106	5,630	5,386	5,070	5,426	
Total Stockholders' Equity	40	999	5,140	5,287	5,529	

Results include pre-tax charges related to pension settlements of \$1,358, \$835 after tax, a \$45 nondeductible charge related to the remeasurement of the Venezuelan balance sheet and a pre-tax charge of \$108, \$102 after tax, related to the deconsolidation of our Venezuelan operations. Additionally, results were negatively impacted by pre-tax (a) charges of \$63, \$42 after tax, related to the 2014 Organization Restructuring, and nondeductible charges of \$23 related to the restructuring of operations in Turkey. Also included is an income tax charge of \$49 related to prior years as a result of an updated assessment of uncertain tax positions in certain of our international operations. See Item 8, Notes 1, 2, 9 and 14 of the Consolidated Financial Statements for details.

(b) Results include pre-tax charges of \$133, \$95 after tax, related to the 2014 Organization Restructuring, pre-tax charges of \$33, \$30 after tax, related to European strategic changes, a nondeductible charge of \$462 related to the remeasurement of the Venezuelan balance sheet and a nondeductible charge of \$35, \$17 attributable to Kimberly-Clark Corporation, related to a regulatory dispute in the Middle East. Additionally, results were negatively impacted by pre-tax charges of \$157, \$138 after tax, for transaction and related costs associated with the spin-off of the health care business (classified in discontinued operations). See Item 8, Notes 1 through 4 of the Consolidated Financial Statements for details on the charges for the Venezuela devaluation and restructuring

programs.

Results include pre-tax charges of \$81, \$66 after tax, related to European strategic changes. Additionally, results (c) were negatively impacted by a \$36 pre-tax charge, \$26 after tax, related to the devaluation of the Venezuelan bolivar. See Item 8, Notes 1 and 4 of the Consolidated Financial Statements for details.

Results include pre-tax charges of \$299, \$242 after tax, related to European strategic changes. Additionally, results (d) were negatively impacted by \$135 in pre-tax charges, \$86 after tax, for restructuring actions related to our pulp and tissue operations. See Item 8, Note 4 of the Consolidated Financial Statements for details related to European strategic changes.

Results include a nondeductible business tax charge related to a law change in Colombia of \$35, as well as the (e) effect of pre-tax charges of \$415, \$289 after tax, related to the restructuring of our pulp and tissue operations.

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

Introduction

This MD&A is intended to provide investors with an understanding of our recent performance, financial condition and prospects. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted. The following will be discussed and analyzed:

Overview of Business

Overview of 2015 Results

Results of Operations and Related Information

- Unaudited Quarterly Data

Liquidity and Capital Resources

Critical Accounting Policies and Use of Estimates

Legal Matters

Business Outlook

Information Concerning Forward-Looking Statements

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

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

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

• Pension settlement charges - In 2015, we recorded settlement-related charges from certain actions taken for our U.S. pension plan.

• Charges related to Venezuelan Operations - Results in 2015, 2014 and 2013 include charges for remeasuring the local currency balance sheet in Venezuela, and in 2015 include charges for the deconsolidation of our Venezuelan operations.

• Uncertain tax positions adjustment - In the fourth quarter of 2015, we updated our assessment of uncertain tax positions for certain international operations, and recorded a charge related to prior years in provision for income taxes.

• 2014 Organization Restructuring - In October 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 2014 and 2015 include charges related to this initiative.

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

• Regulatory dispute in the Middle East - In 2014, we recorded a charge as a result of an adverse court ruling regarding the treatment of capital contributions in prior years to an affiliate in the Middle East.

• European strategic changes and related restructuring charges - In 2012, we initiated strategic changes to and a related restructuring in our Western and Central European businesses. Results in 2014 and 2013 include charges related to this restructuring activity.

In addition, we provide commentary regarding organic net sales, which exclude the impact of changes in foreign currency rates and lower sales in 2014 and 2013 associated with European strategic changes and tissue restructuring

actions.

## Overview of Business

We are a global company focused on leading the world in essentials for a better life, with manufacturing facilities in 36 countries and products sold in more than 175 countries. Our products are sold under well-known brands such as Kleenex, Scott, Huggies, Pull-Ups, Kotex and Depend. We have three reportable business segments: Personal Care, Consumer Tissue and K-C Professional ("KCP"). These business segments are described in greater detail in Item 8, Note 16 to the Consolidated Financial Statements.

In operating our business, we seek to:

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

Beginning in 2015, we describe our business outside North America in two groups – Developing and Emerging Markets ("D&E") and Developed Markets, instead of K-C International ("KCI") and Europe. 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. Previously, KCI consisted of our businesses in Asia, Latin America, the Middle East, Eastern Europe and Africa.

Highlights for 2015 include the following:

• Net sales of \$18.6 billion decreased 6 percent compared to 2014. Weakening foreign currency exchanges rates significantly decreased net sales and operating profit. Organic net sales increased 5 percent.

We executed our growth strategies in D&E markets with a focus on China, Eastern Europe and Latin America.

- Organic net sales in D&E grew 10 percent in 2015 as a result of strong growth in diapers, feminine care, adult care and baby wipes. In D&E, we continue to benefit from innovation, expansion, category development and higher net selling prices.

• In North America, we generated 5 percent volume growth in our consumer business, with increases on most brands. Results benefited from innovations, promotion support, category growth and market share gains.

• In our Developed Markets outside North America, organic net sales were even with prior year.

To help fund our investments in innovations and growth initiatives and to improve our profit margins, we are generating cost savings through several initiatives, including leveraging our global procurement organization and deploying lean principles. Full-year cost savings from our ongoing FORCE (Focused On Reducing Costs Everywhere) program in 2015 were \$365.

In 2015, we continued to execute our 2014 Organization Restructuring in order to improve organization efficiency and offset the impact of stranded overhead costs resulting from the spin-off of our health care business in 2014. The restructuring is expected to be completed by the end of 2016. In 2015, savings from this initiative were \$65.

We continued to focus on generating cash flow and allocating capital to shareholders. In 2015, cash provided by operations was \$2.3 billion, and share repurchases of Kimberly-Clark common stock were \$0.8 billion. In addition, we raised our dividend in 2015 by 5 percent, the 43rd consecutive annual increase in our dividend. Altogether, share repurchases and dividends in 2015 amounted to \$2.1 billion.

We completed the spin-off of our health care business on October 31, 2014. As a result, the health care business is presented as discontinued operations on the Consolidated Income Statement in 2014 and 2013.

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



## Overview of 2015 Results

Net sales of \$18.6 billion decreased 6 percent compared to prior year, as changes in foreign currency exchange rates decreased net sales by 10 percent.

Operating profit and income from continuing operations decreased 36 percent and 31 percent, respectively, compared to 2014. Comparisons were negatively impacted by significant unfavorable currency effects, as well as adjusting items described elsewhere in this MD&A.

Adjusted operating profit and adjusted earnings per share increased 1 percent and 5 percent, respectively, compared to 2014.

## Results of Operations and Related Information

This section presents a discussion and analysis of net sales, operating profit and other information relevant to an understanding of 2015 results of operations. This discussion and analysis compares 2015 results to 2014, and 2014 results to 2013. The reference to "N.M." indicates that the calculation is not meaningful.

## Consolidated

## Selected Financial Results

## Year Ended December 31

	2015	2014	Change 2015 vs. 2014	2013	Change 2014 vs. 2013	
Net Sales	\$18,591	\$19,724	-5.7	% \$19,561	+0.8	%
Other (income) and expense, net	1,568	453	+246.1	% 7	N.M.	
Operating Profit	1,613	2,521	-36.0	% 2,903	-13.2	%
Provision for income taxes	418	856	-51.2	% 828	+3.4	%
Share of net income from equity companies	149	146	+2.1	% 205	-28.8	%
Income from Continuing Operations	1,066	1,545	-31.0	% 2,018	-23.4	%
Income from discontinued operations, net of income taxes	—	50	N.M.	203	-75.4	%
Net Income Attributable to Kimberly-Clark Corporation	1,013	1,526	-33.6	% 2,142	-28.8	%
Diluted Earnings per Share from Continuing Operations	2.77	3.91	-29.2	% 5.01	-22.0	%

## Operating Profit Reconciliation of GAAP to Non-GAAP

Operating profit includes the following adjusting items:

	Year Ended December 31		
	2015	2014	2013
Operating Profit, GAAP	\$1,613	\$2,521	\$2,903
Plus adjustments for:			
Pension Settlements	1,358	—	—
Charges Related to Venezuelan Operations	153	462	36
2014 Organization Restructuring	63	133	—
Turkey Restructuring	23	—	—
Regulatory Dispute in Middle East	—	35	—
European Strategic Changes	—	33	81
Adjusted Operating Profit	\$3,210	\$3,184	\$3,020

## Consolidated Net Sales and Adjusted Operating Profit

	Percent Change		2015 vs. 2014
	2015	2014	
Net Sales	vs. 2014	vs. 2013	Net sales of \$18.6 billion decreased 6 percent compared to 2014, as changes in foreign currency exchange rates reduced net sales more than 10 percent. Organic net sales increased 5 percent, as volumes increased 4 percent and product mix was favorable by 1 percent. Adjusted operating profit of \$3,210 in 2015 increased 1 percent compared to \$3,184 in 2014. The comparisons benefited from organic sales growth, FORCE cost savings of \$365, input cost deflation of \$150 and \$65 of savings from the 2014 Organization Restructuring. Translation effects due to changes in foreign currency exchange rates lowered adjusted operating profit by \$360 and foreign currency transaction effects also negatively impacted the operating profit comparisons. Total marketing, research and general expenses increased on a local currency basis, driven by higher administrative costs.
Volume	4	2	
Restructuring	—	(1)	)
Net Price	—	2	
Mix/Other <sup>(a)</sup>	—	—	
Currency	(10)	(2)	)
Total	(5.7)	0.8	
Adjusted Operating Profit			2014 vs. 2013
Volume	8	5	Net sales of \$19.7 billion increased 1 percent compared to 2013. Organic net sales increased 4 percent, with volumes and net selling prices each increasing net sales by 2 percent. Foreign currency exchange rates were unfavorable by 2 percent and lower sales in conjunction with European strategic changes and pulp and tissue restructuring actions reduced sales by 1 percent. Adjusted operating profit of \$3,184 in 2014 increased 5 percent compared to \$3,020 in 2013. The comparisons benefited from organic sales growth, FORCE cost savings of \$320 and \$30 of savings from pulp and tissue restructuring actions. Input costs were \$240 higher overall versus 2013. Foreign currency translation effects reduced operating profit by \$75 and currency transaction effects also negatively impacted the operating profit comparison.
Net Price	1	13	
Input Costs	5	(8)	)
Cost Savings	11	11	
Currency Translation	(11)	(3)	)
Other	(13)	(13)	)
Total	0.8	5.4	

<sup>(a)</sup>Mix/Other includes rounding

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

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

	Year Ended December 31		
	2015	2014	2013
Other (income) and expense, net, GAAP	\$1,568	\$453	\$7
Less adjustments for:			
Pension Settlements	1,358	—	—
Charges Related to Venezuelan Operations	148	421	36
Regulatory Dispute in Middle East	—	35	—
European Strategic Changes	—	—	5
Adjusted other (income) and expense, net	\$62	\$(3)	\$(34)

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

Lower income of \$3 in 2014 compared to \$34 in 2013 was driven by higher foreign currency transaction losses in 2014, as both periods included gains on the sale of non-core assets.



## Provision for Income Taxes Reconciliation of GAAP to Non-GAAP

Provision for income taxes includes the following adjusting items:

	Year Ended December 31				
	2015	2014	2013		
Effective Tax Rate, GAAP	31.3	% 38.0	% 31.4		%
Provision for income taxes, GAAP	\$418	\$856	\$828		
Plus adjustments for:					
Pension Settlements	523	—	—		
Charges Related to Venezuelan Operations	6	—	10		
Uncertain Tax Positions Adjustment	(49	) —	—		
2014 Organization Restructuring	21	38	—		
Europe Strategic Changes	—	3	15		
Adjusted Provision for income taxes	\$919	\$897	\$853		
Adjusted Effective Tax Rate	31.3	% 30.7	% 30.9		%

The increase in adjusted tax rate in 2015 is primarily due to the redemption of preferred securities in 2014.

## Share of Net Income from Equity Companies

Our share of net income of equity companies was \$149 in 2015, \$146 in 2014 and \$205 in 2013. Kimberly-Clark de Mexico, S.A.B. de C.V. ("KCM") results in 2015 compared to 2014 benefited from increased organic net sales, cost savings, and lower input costs, partially offset by a weaker Mexican peso. Results in 2014 compared to 2013 were negatively impacted by input cost increases and a weaker Mexican peso, partially offset by increased sales volumes and cost savings.

## Income from Discontinued Operations

Income from discontinued operations, net of income taxes, was \$50 in 2014 and \$203 in 2013. The decrease was primarily due to after tax charges of \$138 (\$157 pre-tax), excluded from adjusted earnings per share, related to the spin-off of our health care business.

## Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests decreased in 2015 as a result of the redemption of preferred securities. In 2014, adjusted net income attributable to noncontrolling interests of \$87 includes an adjustment of \$18, excluded from adjusted earnings per share, as a result of an adverse court ruling regarding the treatment of capital contributions in prior years to an affiliate in the Middle East.



## Geographical Information

	Year Ended December 31					
	2015	2014	Change 2015 vs. 2014	2013	Change 2014 vs. 2013	
<b>NET SALES</b>						
North America	\$9,531	\$9,400	+1.4	% \$9,430	-0.3	%
Europe	2,304	2,717	-15.2	% 2,839	-4.3	%
Asia, Latin America and other	7,154	7,961	-10.1	% 7,639	+4.2	%
Intergeographic sales	(398	) (354	) +12.4	% (347	) +2.0	%
<b>TOTAL NET SALES</b>	<b>\$18,591</b>	<b>\$19,724</b>	<b>-5.7</b>	<b>% \$19,561</b>	<b>+0.8</b>	<b>%</b>
<b>OPERATING PROFIT</b>						
North America	\$2,180	\$2,003	+8.8	% \$1,984	+1.0	%
Europe	297	282	+5.3	% 237	+19.0	%
Asia, Latin America and other	1,071	1,184	-9.5	% 1,070	+10.7	%
Corporate & Other <sup>(a)</sup>	(367	) (495	) N.M.	(381	) N.M.	
Other (income) and expense, net <sup>(b)</sup>	1,568	453	N.M.	7	N.M.	
<b>TOTAL OPERATING PROFIT</b>	<b>\$1,613</b>	<b>\$2,521</b>	<b>-36.0</b>	<b>% \$2,903</b>	<b>-13.2</b>	<b>%</b>

Corporate & Other includes charges related to the 2014 Organization Restructuring of \$63 and \$133 and \$5 and \$41 related to the remeasurement of the Venezuelan balance sheet, in 2015 and 2014, respectively.

- (a) Corporate & Other also includes \$23 for restructuring in Turkey in 2015, and \$33 and \$76 related to European strategic changes in 2014 and 2013, respectively.

- Other (income) and expense, net for 2015 and 2014 include charges of \$40 and \$421, respectively, related to the remeasurement of the Venezuelan balance sheet. In addition, 2015 includes charges of \$108 for the deconsolidation of our Venezuelan operations and \$1,358 for charges related to pension settlements and 2014 includes a charge of \$35 related to a regulatory dispute in the Middle East. The results for 2013 include a balance sheet remeasurement charge of \$36 due to a devaluation of the Venezuelan bolivar and a charge of \$5 for European strategic changes.

## Business Segments

## Personal Care

	Year Ended December 31			2015 vs. 2014
	2015	2014	2013	
Net Sales	\$9,204	\$9,635	\$9,536	In 2015, net sales of \$9.2 billion decreased 4 percent compared to 2014. Unfavorable currency rates decreased net sales by 11 percent while sales volumes increased 5 percent and net selling prices and product mix each increased net sales by 1 percent. Operating profit of \$1,885 increased 5 percent. The comparison benefited from growth in organic net sales, cost savings and lower input and other manufacturing costs, partially offset by unfavorable effects from changes in currency rates and higher marketing, research and general
Operating Profit	\$1,885	\$1,803	\$1,698	
		PERCENT CHANGE		
		2015 vs.	2014 vs.	
		2014	2013	
Net Sales				) expenses on a local currency basis.
Volume		5	3	
Restructuring		—	(1	) Net sales in North America increased 1 percent. Sales volumes increased 4 percent while net selling prices and
Net Price		1	3	
Mix/Other <sup>(a)</sup>		1	—	) currency decreased net sales by 2 percent and 1 percent, respectively. Adult care volumes increased high-single
Currency		(11	) (4	
Total		(4.5	) 1.0	digits with benefits from innovations, brand
Operating Profit				investments and category growth. Volumes on Huggies
Volume		10	5	diapers rose low-single digits including benefits from
Net Price		5	15	innovation and increased promotion support. Huggies
Input Costs		6	(9	baby wipes volumes rose mid-single digits with benefits
Cost Savings		12	12	from innovation and child care volumes were even with
Currency Translation		(11	) (3	prior year.
Other		(17	) (14	) Net sales in developing and emerging markets
Total		4.5	6.2	decreased 8 percent including a 22 percent decrease

<sup>(a)</sup> Mix/Other includes rounding

2014 vs. 2013

In 2014, net sales of \$9.6 billion increased 1 percent compared to 2013. Sales volumes and net selling prices each increased 3 percent. Currency rates were unfavorable by 4 percent, and lower sales in conjunction with European

strategic changes reduced net sales by 1 percent. Operating profit of \$1,803 increased 6 percent. The comparison benefited from higher net selling prices, sales volume growth and cost savings, partially offset by unfavorable effects from changes in currency rates and input cost inflation.

Net sales in North America were essentially even with the prior year. Slightly higher sales volumes and net selling prices were offset by unfavorable currency rates. Huggies baby wipes volumes rose double-digits, including benefits from market share gains and product innovation. Adult care volumes increased high-single digits, including innovation on Depend and Poise brands. Huggies diaper volumes decreased mid-single digits and were impacted by market share declines and competitive promotional activity. Child care volumes decreased mid-single digits, driven by lower Pull-Ups training pants volumes, partially offset by the launch of new GoodNites youth pants. Feminine care volumes were down slightly.

Net sales in KCI increased 4 percent. Sales volumes increased 6 percent, and net selling prices were higher by 5 percent, partially offset by unfavorable currency rates of 7 percent. The volume increase included gains in China, Eastern Europe, South Africa, South Korea, Vietnam and most of Latin America. The higher net selling prices were driven by increases in Latin America and Eastern Europe in response to weaker currency rates and cost inflation. Net sales in Europe decreased 19 percent. Lower sales in conjunction with European strategic changes reduced net sales by 20 percent and net selling prices decreased net sales by 1 percent. Favorable currency rates increased net sales by 2 percent.



## Consumer Tissue

	Year Ended December 31			2015 vs. 2014
	2015	2014	2013	
Net Sales	\$6,121	\$6,645	\$6,637	In 2015, net sales of \$6.1 billion decreased 8 percent compared to 2014. Unfavorable currency rates reduced net sales by 9 percent. Sales volumes increased net sales by 3 percent and net selling price lowered net sales by 1 percent. Operating profit of \$1,073 increased 1 percent compared to prior year. The comparison benefited from cost savings and higher sales volumes, mostly offset by the impact of unfavorable foreign currency rates.
Operating Profit	\$1,073	\$1,062	\$988	
		PERCENT CHANGE		
		2015 vs.	2014 vs.	
Net Sales		2014	2013	
Volume		3	1	Net sales in North America increased 2 percent. Sales volumes increased by 6 percent, while net selling prices decreased net sales by 2 percent and product mix was unfavorable by 1 percent. Paper towel volumes rose
Restructuring		—	(1	
Net Price		(1	) 1	double-digits led by Viva and bathroom tissue volumes rose high-single digits led by Cottonelle.
Mix/Other <sup>(a)</sup>		(1	) —	
Currency		(9	) (1	Net sales in developing and emerging markets decreased 22 percent. Unfavorable currency rates reduced net sales by 25 percent. Net selling price increased net sales by 2 percent while volumes increased 1 percent.
Total		(7.9	) 0.1	
Operating Profit				Net sales in developed markets outside North America decreased 13 percent. Unfavorable currency effects reduced net sales by 11 percent. Sales volumes decreased 1 percent, mostly in Western/Central Europe, and net selling price decreased net sales by 1 percent.
Volume		7	1	
Net Price		(5	) 10	
Input Costs		1	(5	)
Cost Savings		10	10	
Currency Translation		(8	) —	
Other		(4	) (9	)
Total		1.0	7.5	

<sup>(a)</sup>Mix/Other includes rounding  
2014 vs. 2013

In 2014, net sales of \$6.6 billion were essentially even with the prior year. Sales volumes and net selling prices each increased net sales by 1 percent. Unfavorable currency rates decreased net sales by 1 percent, and lower sales in conjunction with European strategic changes and pulp and tissue restructuring actions reduced net sales by a combined 1 percent. Operating profit of \$1,062 increased 7 percent. The comparison benefited from higher net selling prices and cost savings, partially offset by input cost inflation and higher manufacturing-related costs in 2014.

Net sales in North America increased 1 percent. Sales volumes increased 2 percent, driven by growth in Cottonelle and Scott bathroom tissue and the launch of Viva Vantage paper towels. Unfavorable currency effects and changes in product mix reduced net sales by a combined 1 percent.

Net sales in KCI increased 1 percent. Net selling prices increased net sales by 4 percent, and improved product mix and growth in sales volumes increased net sales by a combined 1 percent. Unfavorable currency rates decreased net sales by 4 percent. The improvement in net selling prices was driven by increases in Latin America.

Net sales in Europe decreased 4 percent, driven by lower sales in conjunction with European strategic changes and pulp and tissue restructuring actions which reduced net sales by a combined 6 percent. Favorable currency rates increased net sales by 3 percent.

## K-C Professional

	Year Ended December 31			2015 vs. 2014
	2015	2014	2013	
Net Sales	\$3,219	\$3,388	\$3,323	In 2015, net sales of \$3.2 billion decreased 5 percent compared to 2014. Unfavorable currency rate changes decreased net sales by 9 percent. Sales volumes and product mix each increased net sales by 2 percent, including sales of nonwovens to Halyard Health, Inc. in conjunction with a near-term supply agreement. Operating profit of \$590 decreased 2 percent. The comparison was impacted by unfavorable currency effects, mostly offset by benefits from organic net sales growth, cost savings and lower input costs. Net sales in North America increased 1 percent. Sales volumes increased 2 percent, primarily due to growth in wipers, while unfavorable currency effects decreased net sales by 1 percent. Net sales in developing and emerging markets decreased 15 percent, including a 21 percent decrease from unfavorable changes in currency rates. Volumes increased by 2 percent and the combined impact of changes in net selling prices and product mix improved net sales by 4 percent. Net sales in developed markets outside North America were down 13 percent. Unfavorable changes in currency rates decreased net sales by 13 percent. Sales volumes increased 1 percent, while the combined impact of changes in overall net selling prices and product mix reduced net sales 1 percent.
Operating Profit	\$590	\$604	\$605	
		PERCENT CHANGE		
		2015 vs.	2014 vs.	
		2014	2013	
Net Sales				
Volume		2	3	
Restructuring		—	—	
Net Price		—	1	
Mix/Other <sup>(a)</sup>		2	—	
Currency		(9	) (2	)
Total		(5.0	) 2.0	
Operating Profit				
Volume		3	5	
Net Price		1	3	
Input Costs		3	(8	)
Cost Savings		7	5	
Currency Translation		(13	) (3	)
Other		(3	) (2	)
Total		(2.3	) (0.2	)

<sup>(a)</sup>Mix/Other includes rounding

2014 vs. 2013

In 2014, net sales of \$3.4 billion increased 2 percent compared to 2013. Sales volumes increased 3 percent, and net selling prices improved by 1 percent. The impact of currency rates on net sales was unfavorable by 2 percent. Operating profit of \$604 was essentially even with the prior year. The comparison benefited from sales volume growth, higher net selling prices and cost savings, offset by input cost inflation and unfavorable currency effects. Net sales in North America decreased 2 percent. Net selling prices were lower by 2 percent, and unfavorable currency effects and changes in product mix decreased net sales by a combined 1 percent. Sales volumes increased 1 percent, driven by gains in safety products, wipers and other categories, partially offset by declines in washroom products. Net sales in KCI increased 8 percent, despite unfavorable currency rates of 5 percent. Sales volumes rose 7 percent, net selling prices improved net sales by 5 percent and product mix improved 1 percent. Sales volumes rose in each major geography. Net sales in Europe increased 3 percent. Sales volumes increased 3 percent, driven by growth in washroom products. Favorable currency rates and improved product mix each increased net sales by 1 percent, while lower sales in conjunction with European strategic changes and pulp and tissue restructuring actions and the impact of lower net selling prices each reduced net sales by 1 percent.



#### Defined Benefit Pension Plan Changes

Effective January 2015, the U.S. pension plan was amended to include a lump-sum pension benefit payout option for certain plan participants. In addition, in April 2015, the U.S. pension plan completed the purchase of group annuity contracts that transferred to two insurance companies the pension benefit obligations totaling \$2.5 billion for approximately 21,000 Kimberly-Clark retirees in the United States. As a result of these changes, we recognized pension settlement-related charges of \$0.8 billion after tax (\$1.4 billion pre-tax in other (income) and expense, net) during 2015, mostly in the second quarter. In 2015, we made cash contributions of \$484 to our pension trusts, of which \$410 relates to the changes in the U.S. plan.

#### 2014 Organization Restructuring

In October 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 restructuring is expected to be completed by the end of 2016, with total costs anticipated to be \$130 to \$160 after tax (\$190 to \$230 pre-tax). Cash costs are projected to be approximately 80 percent of the total charges. Cumulative pre-tax savings from the restructuring are expected to be \$120 to \$140 by the end of 2017, and were \$70 by the end of 2015. The restructuring is expected to impact all of our business segments and our organizations in all major geographies.

During 2015, \$63 of pre-tax charges were recognized for the organization restructuring, including \$23 recorded in cost of products sold and \$40 recorded in marketing, research and general expenses, primarily for workforce reductions. A related benefit of \$21 was recorded in provision for income taxes. During 2014, \$133 of pre-tax charges were recognized for the organization restructuring, including \$40 recorded in cost of products sold and \$93 recorded in marketing, research and general expenses, primarily for workforce reductions. A related benefit of \$38 was recorded in provision for income taxes.

#### European Strategic Changes

In 2012, we approved strategic changes related to our Western and Central European consumer and professional businesses to focus our resources and investments on stronger market positions and growth opportunities. We exited the diaper category in that region, with the exception of the Italian market, and divested or exited some lower-margin businesses, mostly in consumer tissue, in certain markets. The changes primarily affected our consumer businesses, with a modest impact on KCP. The impacted businesses generated annual net sales of approximately \$0.5 billion and negligible operating profit. As a result of the restructuring activities, compared to 2012, annual net sales in 2014 and 2013 were decreased by \$500 and \$350, respectively.

Restructuring actions related to the strategic changes involved the sale or closure of five of our European manufacturing facilities and streamlining of our administrative organization. The restructuring actions commenced in 2012 and were completed by December 31, 2014. The restructuring resulted in cumulative pre-tax charges of \$413 (\$338 after tax) over that period.

For information on the charges by year, see Item 8, Note 4 to the Consolidated Financial Statements.

#### Venezuela Charges

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. The change reflects the continued deterioration of conditions in the country, including a slowdown in the availability of foreign exchange, and resulted in an after tax charge of \$102 in the fourth quarter of 2015. Beginning in the first quarter of 2016, we will no longer include the results of our Venezuelan business in our consolidated financial statements. We also recorded nondeductible charges of \$45 and \$462, and pre-tax charges of \$36 (after-tax of \$26), related to the remeasurement of the Venezuelan balance sheet in 2015, 2014 and 2013 respectively. For information on the charges by year, see Item 8, Note 1 to the Consolidated Financial Statements.



## Unaudited Quarterly Data

	2015				2014			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Net sales	\$4,539	\$4,718	\$4,643	\$4,691	\$4,828	\$5,056	\$4,953	\$4,887
Gross profit	1,626	1,682	1,657	1,659	1,553	1,765	1,700	1,665
Operating profit (loss)	630	779	(544)	748	158	877	775	711
Income (loss) from continuing operations	344	529	(293)	486	(48)	581	522	490
Income (loss) from discontinued operations, net of income taxes	—	—	—	—	(15)	1	8	56
Net income (loss)	344	529	(293)	486	(63)	582	530	546
Net income (loss) attributable to Kimberly-Clark Corporation	333	517	(305)	468	(83)	562	509	538
Earnings (loss) per share - Diluted								
Continuing operations	0.91	1.41	(0.83)	1.27	(0.18)	1.49	1.32	1.26
Discontinued operations	—	—	—	—	(0.04)	—	0.02	0.15
Net income (loss)	0.91	1.41	(0.83)	1.27	(0.22)	1.50	1.35	1.41
Cash dividends declared per share	0.88	0.88	0.88	0.88	0.84	0.84	0.84	0.84
Market price per share								
High	129.89	117.95	113.45	119.01	118.83	114.45	113.93	111.71
Low	107.79	103.04	104.53	103.67	103.88	103.50	108.02	102.81
Close	127.30	109.04	105.97	107.11	115.54	107.57	111.22	110.25

Historical market prices do not reflect any adjustment for the impact of the spin-off of our health care business completed on October 31, 2014.

Income (loss) from continuing operations was impacted by the \$102 after tax charge (\$108 pre-tax) to deconsolidate our Venezuelan operations and a charge of \$49 related to prior years for uncertain tax positions for certain international operations in the fourth quarter of 2015, and charges related to pension settlements of \$0.8 billion after tax (\$1.4 billion pre-tax) primarily in the second quarter of 2015. Income (loss) from continuing operations was impacted by a nondeductible charge of \$462 in the fourth quarter of 2014 for the remeasurement of the Venezuelan balance sheet as of December 31, 2014.

## Liquidity and Capital Resources

## Cash Provided by Operations

Cash provided by operations was \$2.3 billion in 2015 compared to \$2.8 billion in 2014. The decrease was driven by higher pension contributions in conjunction with the transfer of the pension benefit obligations to two insurance companies in the second quarter of 2015, the spin-off of the health care business in the fourth quarter of 2014 and increased operating working capital. Cash provided by operations of \$2.8 billion in 2014 decreased compared to \$3.0 billion in 2013 due to higher tax payments and transaction costs for the health care spin-off, partially offset by lower payments for restructuring items.

## Obligations

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

	Total	2016	2017	2018	2019	2020	2021+
Long-term debt	\$6,720	\$598	\$964	\$933	\$308	\$755	\$3,162
Interest payments on long-term debt	2,693	280	254	205	158	144	1,652
Operating leases	545	142	115	86	67	53	82
Unconditional purchase obligations	1,314	698	170	139	144	156	7
Open purchase orders	1,435	1,373	54	4	2	1	1
Total contractual obligations	\$12,707	\$3,091	\$1,557	\$1,367	\$679	\$1,109	\$4,904

Projected interest payments for variable-rate debt were calculated based on the outstanding principal amounts and prevailing market rates as of December 31, 2015.

The unconditional purchase obligations are for the purchase of raw materials, primarily superabsorbent materials, pulp and utilities. Although we are primarily liable for payments on the above operating leases and unconditional purchase obligations, based on historic operating performance and forecasted future cash flows, we believe exposure to losses, if any, under these arrangements is not material.

The open purchase orders displayed in the table represent amounts for goods and services we have negotiated for delivery.

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

We will fund our defined benefit pension plans to meet or exceed statutory requirements and currently expect to contribute up to \$100 to these plans in 2016.

Other postretirement benefit payments are estimated using actuarial assumptions, including expected future service, to project the future obligations. Based upon those projections, we anticipate making annual payments for these obligations ranging from \$51 in 2016 to more than \$58 by 2025.

Accrued income tax liabilities for uncertain tax positions, deferred taxes and noncontrolling interests.

Potential estimated redemption price of \$38 for the redeemable preferred securities related to our subsidiary in Central America as the timing of such redemption is unknown.

## Investing

Our capital spending was \$1.1 billion in 2015 and \$1.0 billion in 2014. We expect capital spending to be \$950 to \$1,050 in 2016.

## Financing

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

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

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

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 \$1,071 as of December 31, 2015 (included in debt payable within one year on the Consolidated Balance Sheet). The average month-end balance of short-term debt for the fourth quarter of 2015 was \$971 and for the twelve months ended December 31, 2015 was \$993. These short-term borrowings provide supplemental funding for supporting

our operations. The level of short-term debt generally fluctuates depending upon the amount of operating cash flows and the timing of customer receipts and payments for items such as pension contributions, dividends and income taxes.

At December 31, 2015, total debt was \$7.8 billion compared to \$7.0 billion at December 31, 2014.

We maintain a \$2.0 billion revolving credit facility which expires in 2019. This facility, currently unused, supports our commercial paper program, and would provide liquidity in the event our access to the commercial paper markets is unavailable for any reason.

We paid \$1.3 billion in dividends in 2015. We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During 2015, we repurchased 7.1 million shares of our common stock at a cost of \$800 through a broker in the open market. In addition, we acquired the remaining interest in our subsidiary in Israel for \$151. We are targeting full-year 2016 share repurchases of \$600 to \$900, subject to market conditions.

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

#### Critical Accounting Policies and Use of Estimates

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

#### Sales Incentives and Trade Promotion Allowances

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

#### Employee Postretirement Benefits

##### Pension Plans

We have defined benefit pension plans in the United States and the United Kingdom (the "Principal Plans") and/or defined contribution retirement plans covering substantially all regular employees. Certain other subsidiaries have defined benefit pension plans or, in certain countries, termination pay plans covering substantially all regular employees. Effective January 2015, the U.S. pension plan was amended to include a lump-sum pension benefit payout option for certain plan participants. In addition, in April 2015, the U.S. pension plan completed the purchase of group annuity contracts that transferred to two insurance companies the pension benefit obligations totaling \$2.5 billion for approximately 21,000 Kimberly-Clark retirees in the United States. As a result of these changes, we recognized pension settlement-related charges of \$0.8 billion after tax (\$1.4 billion pre-tax in other (income) and expense, net) during the twelve months ended December 31, 2015, mostly in the second quarter. During 2015, we made cash contributions of \$484 to our pension trusts, of which \$410 relates to the changes to the U.S. plan. Our related accounting policies and account balances are discussed in Item 8, Note 9 to the Consolidated Financial Statements.



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

Long-term rate of return on plan assets. The expected long-term rate of return is evaluated on an annual basis. In setting these assumptions, we consider a number of factors including projected future returns by asset class relative to the target

asset allocation. Actual asset allocations are regularly reviewed and they are periodically rebalanced to the targeted allocations when considered appropriate. Pension expense is determined using the fair value of assets rather than a calculated value that averages gains and losses ("Calculated Value") over a period of years. Investment gains or losses represent the difference between the expected return calculated using the fair value of assets and the actual return based on the fair value of assets. The variance between actual and expected gains and losses on pension assets is recognized in pension expense more rapidly than it would be if a Calculated Value was used for plan assets.

As of December 31, 2015, the Principal Plans had cumulative unrecognized investment and actuarial losses of approximately \$1.4 billion. These unrecognized net losses may increase future pension expense if not offset by (i) actual investment returns that exceed the assumed investment returns, (ii) other factors, including reduced pension liabilities arising from higher discount rates used to calculate pension obligations, or (iii) other actuarial gains, including whether such accumulated actuarial losses at each measurement date exceed the "corridor" as required. If the expected long-term rates of return on assets for the Principal Plans were lowered by 0.25 percent, the impact on annual pension expense would not be material in 2016.

**Discount rate.** The discount (or settlement) rate used to determine the present value of our future U.S. pension obligation at December 31, 2015 was based on a portfolio of high quality corporate debt securities with cash flows that largely match the expected benefit payments of the plan. For the U.K. plan, the discount rate was determined based on yield curves constructed from a portfolio of high quality corporate debt securities. Each year's expected future benefit payments were discounted to their present value at the appropriate yield curve rate to determine the pension obligations. If the discount rate assumptions for these same plans were reduced by 0.25 percent, the increase in annual pension expense would not be material in 2016, and the December 31, 2015 pension liability would increase by about \$127.

**Other assumptions.** There are a number of other assumptions involved in the calculation of pension expense and benefit obligations, primarily related to participant demographics and benefit elections.

Pension expense for defined benefit pension plans is estimated to approximate \$75 in 2016. Pension expense beyond 2016 will depend on future investment performance, our contributions to the pension trusts, changes in discount rates and various other factors related to the covered employees in the plans.

#### Other Postretirement Benefit Plans

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

**Discount rate.** The determination of the discount rates used to calculate the benefit obligations of the plans is discussed in the pension benefit section above, and the methodology for each country is the same as the methodology used to determine the discount rate for that country's pension obligation. If the discount rate assumptions for these plans were reduced by 0.25 percent, there would be no impact to 2016 other postretirement benefit expense and the increase in the December 31, 2015 benefit liability would not be material. The discount rates displayed for the two types of obligations for our consolidated operations may appear different due to the unique benefit payments of the plans.

**Healthcare cost trend rate.** The healthcare cost trend rate is based on a combination of inputs including our recent claims history and insights from external advisers regarding recent developments in the healthcare marketplace, as well as projections of future trends in the marketplace.

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

#### Deferred Income Taxes and Potential Assessments

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

**Deferred tax assets and related valuation allowances.** We have recorded deferred tax assets related to, among other matters, income tax loss carryforwards, income tax credit carryforwards and capital loss carryforwards and have established



valuation allowances against these deferred tax assets. These carryforwards are primarily in non-U.S. taxing jurisdictions and in certain states in the U.S. Foreign tax credits earned in the U.S. in current and prior years, which cannot be used currently, also give rise to net deferred tax assets. In determining the valuation allowances to establish against these deferred tax assets, many factors are considered, including the specific taxing jurisdiction, the carryforward period, income tax strategies and forecasted earnings for the entities in each jurisdiction. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Unremitted earnings. As of December 31, 2015, U.S. income taxes and foreign withholding taxes have not been provided on approximately \$8.8 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings are considered by management to be invested indefinitely. However, they would be subject to income tax if they were remitted as dividends, were lent to one of our U.S. entities or if we were to sell our stock in the subsidiaries. It is not practicable to determine the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings. We periodically determine whether our non-U.S. subsidiaries will invest their undistributed earnings indefinitely and reassess this determination, as appropriate.

Uncertain tax positions. We record our global tax provision based on the respective tax rules and regulations for the jurisdictions in which we operate. Where we believe that a tax position is supportable for income tax purposes, the item is included in our income tax returns. Where treatment of a position is uncertain, a liability is recorded based upon the expected most likely outcome taking into consideration the technical merits of the position based on specific tax regulations and facts of each matter. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities or the expiration of the statute of limitations. In the fourth quarter of 2015, we updated our assessment of uncertain tax positions for certain international operations and, as a result, recorded a charge of \$49 related to prior years in provision for income taxes. We currently believe that the ultimate resolution of matters subject to administrative appeals, litigation or other uncertainty, individually or in the aggregate, will not have a material effect on our business, financial condition, results of operations or liquidity.

Our income tax related accounting policies, account balances and matters affecting income taxes are discussed in Item 8, Note 14 to the Consolidated Financial Statements.

#### Legal Matters

See Item 8, Note 12 to the Consolidated Financial Statements for information on legal matters.

#### New Accounting Standards

See Item 8, Note 1 to the Consolidated Financial Statements for a description of new accounting standards and their anticipated effects on our Consolidated Financial Statements.

#### Business Outlook

In 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 adjusted earnings per share in a range of \$5.95 to \$6.15. This excludes expected 2014 Organization Restructuring charges equivalent to \$0.06 to \$0.03. Our adjusted earnings per share guidance is based on the assumptions described below:

• Growth in sales volumes, net selling prices and product mix is expected to be in the combined 3 to 5 percent range. We expect net sales to be negatively impacted by unfavorable foreign currency exchange rates of 5 to 6 percent. We also expect unfavorable foreign currency translation effects to negatively impact operating profit growth by 5 to 6 percent. Currency transaction effects are also anticipated to negatively impact operating profit.

• We anticipate the net impact of changes in commodity costs to be between deflation of \$100 and \$50 of inflation. We plan to achieve cost savings of at least \$350 from our FORCE program, and at least \$50 from the 2014 Organization Restructuring.

• We anticipate that advertising spending will be similar to, or up slightly, as a percentage of net sales to support targeted growth initiatives, brand building and innovation activities.

• We expect the adjusted effective tax rate to be between 30.5 and 32.5 percent.



Our share of net income from equity companies is expected to be similar to, or up somewhat, compared to 2015. We anticipate capital spending to be in a \$950 to \$1,050 range and share repurchases to total \$600 to \$900, subject to market conditions.

We expect to contribute up to \$100 to our defined benefit pension plans and to increase our quarterly dividend mid-single digits effective April 2016, subject to approval by the Board of Directors.

#### 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.

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

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

##### Foreign Currency Risk

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

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



As of December 31, 2015, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of foreign currencies involving balance sheet transactional exposures would not be material to our consolidated financial position, results of operations or cash flows. This hypothetical loss on transactional exposures is based on the difference between the December 31, 2015 rates and the assumed rates.

The translation of the balance sheets of non-U.S. operations from local currencies into U.S. dollars is also sensitive to changes in foreign currency exchange rates. Consequently, an annual test is performed to determine if changes in currency exchange rates would have a significant effect on the translation of the balance sheets of non-U.S. operations into U.S. dollars. These translation gains or losses are recorded as unrealized translation adjustments ("UTA") within stockholders' equity. The hypothetical change in UTA is calculated by multiplying the net assets of these non-U.S. operations by a 10 percent change in the currency exchange rates. As of December 31, 2015, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of our foreign currency translation exposures would have reduced stockholders' equity by approximately \$700. These hypothetical adjustments in UTA are based on the difference between the December 31, 2015 exchange rates and the assumed rates. In the view of management, the above UTA adjustments resulting from these assumed changes in foreign currency exchange rates are not material to our consolidated financial position because they would not affect our cash flow.

#### Interest Rate Risk

Interest rate risk is managed through the maintenance of a portfolio of variable- and fixed-rate debt composed of short- and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. At December 31, 2015, the debt portfolio was composed of approximately 29 percent variable-rate debt and 71 percent fixed-rate debt.

Two separate tests are performed to determine whether changes in interest rates would have a significant effect on our financial position or future results of operations. Both tests are based on consolidated debt levels at the time of the test. The first test estimates the effect of interest rate changes on fixed-rate debt. Interest rate changes would result in increases or decreases in the market value of fixed-rate debt due to differences between the current market interest rates and the rates governing these instruments. With respect to fixed-rate debt outstanding at December 31, 2015, a 10 percent decrease in interest rates would have increased the fair value of fixed-rate debt by about \$186, which would not have a significant impact on our financial statements as we do not record debt at fair value. The second test estimates the potential effect on future pre-tax income that would result from increased interest rates applied to our current level of variable-rate debt. With respect to variable-rate debt, a 10 percent increase in interest rates would not have a material effect on the future results of operations or cash flows.

#### Commodity Price Risk

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

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



ITEM 8. FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENT

(Millions of dollars, except per share amounts)	Year Ended December 31		
	2015	2014	2013
Net Sales	\$18,591	\$19,724	\$19,561
Cost of products sold	11,967	13,041	12,952
Gross Profit	6,624	6,683	6,609
Marketing, research and general expenses	3,443	3,709	3,699
Other (income) and expense, net	1,568	453	7
Operating Profit	1,613	2,521	2,903
Interest income	17	18	20
Interest expense	(295)	(284)	(282)
Income From Continuing Operations Before Income Taxes and Equity Interests	1,335	2,255	2,641
Provision for income taxes	(418)	(856)	(828)
Income From Continuing Operations Before Equity Interests	917	1,399	1,813
Share of net income of equity companies	149	146	205
Income From Continuing Operations	1,066	1,545	2,018
Income from discontinued operations, net of income taxes	—	50	203
Net Income	1,066	1,595	2,221
Net income attributable to noncontrolling interests in continuing operations	(53)	(69)	(79)
Net Income Attributable to Kimberly-Clark Corporation	\$1,013	\$1,526	\$2,142
Per Share Basis			
Net Income Attributable to Kimberly-Clark Corporation			
Basic			
Continuing operations	\$2.78	\$3.94	\$5.05
Discontinued operations	—	0.13	0.53
Net income	\$2.78	\$4.07	\$5.58
Diluted			
Continuing operations	\$2.77	\$3.91	\$5.01
Discontinued operations	—	0.13	0.52
Net income	\$2.77	\$4.04	\$5.53
Cash Dividends Declared	\$3.52	\$3.36	\$3.24

See Notes to Consolidated Financial Statements.



KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Millions of dollars)	Year Ended December 31		
	2015	2014	2013
Net Income	\$1,066	\$1,595	\$2,221
Other Comprehensive Income (Loss), Net of Tax			
Unrealized currency translation adjustments	(922	) (835	) (494
Employee postretirement benefits	942	(275	) 302
Other	5	20	17
Total Other Comprehensive Income (Loss), Net of Tax	25	(1,090	) (175
Comprehensive Income	1,091	505	2,046
Comprehensive income attributable to noncontrolling interests	(33	) (57	) (87
Comprehensive Income Attributable to Kimberly-Clark Corporation	\$1,058	\$448	\$1,959

See Notes to Consolidated Financial Statements.

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KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

	December 31	
(Millions of dollars)	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$619	\$789
Accounts receivable, net	2,281	2,223
Inventories	1,909	1,892
Other current assets	617	655
Total Current Assets	5,426	5,559
Property, Plant and Equipment, Net	7,104	7,359
Investments in Equity Companies	247	257
Goodwill	1,446	1,628
Other Assets	619	723
<b>TOTAL ASSETS</b>	<b>\$14,842</b>	<b>\$15,526</b>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Debt payable within one year	\$1,669	\$1,326
Trade accounts payable	2,612	2,616
Accrued expenses	1,750	1,974
Dividends payable	318	310
Total Current Liabilities	6,349	6,226
Long-Term Debt	6,106	5,630
Noncurrent Employee Benefits	1,137	1,693
Deferred Income Taxes	766	587
Other Liabilities	380	319
Redeemable Preferred Securities of Subsidiaries	64	72
Stockholders' Equity (Deficit)		
Kimberly-Clark Corporation		
Preferred stock - no par value - authorized 20.0 million shares, none issued	—	—
Common stock - \$1.25 par value - authorized 1.2 billion shares; issued 378.6 and 428.6 million shares at December 31, 2015 and 2014, respectively	473	536
Additional paid-in capital	609	632
Common stock held in treasury, at cost - 17.7 and 63.3 million shares at December 31, 2015 and 2014, respectively	(2,972	) (5,597 )
Retained earnings	4,994	8,470
Accumulated other comprehensive income (loss)	(3,278	) (3,312 )
Total Kimberly-Clark Corporation Stockholders' Equity (Deficit)	(174	) 729
Noncontrolling Interests	214	270
Total Stockholders' Equity	40	999
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$14,842</b>	<b>\$15,526</b>

See Notes to Consolidated Financial Statements.



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

(Millions of dollars, shares in thousands)	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
	Issued Shares	Amount		Shares	Amount			
Balance at December 31, 2012	428,597	\$536	\$481	39,322	\$(2,796)	\$8,823	\$(2,059)	) \$302
Net income in stockholders' equity	—	—	—	—	—	2,142	—	48
Other comprehensive income, net of tax								
Unrealized translation	—	—	—	—	—	—	(499)	) 5
Employee postretirement benefits	—	—	—	—	—	—	298	4
Other	—	—	—	—	—	—	18	(1 )
Stock-based awards exercised or vested	—	—	(33 )	(4,108 )	264	—	—	—
Income tax benefits on stock-based compensation	—	—	46	—	—	—	—	—
Shares repurchased	—	—	—	12,584	(1,214 )	—	—	—
Recognition of stock-based compensation	—	—	92	—	—	—	—	—
Dividends declared	—	—	—	—	—	(1,244 )	—	(39 )
Other	—	—	8	—	—	(7 )	—	(35 )
Balance at December 31, 2013	428,597	536	594	47,798	(3,746 )	9,714	(2,242)	) 284
Net income in stockholders' equity	—	—	—	—	—	1,526	—	39
Other comprehensive income, net of tax								
Unrealized translation	—	—	—	—	—	—	(819)	) (15 )
Employee postretirement benefits	—	—	—	—	—	—	(278)	) 3
Other	—	—	—	—	—	—	19	1
Stock-based awards exercised or vested	—	—	(54 )	(2,783 )	180	—	—	—
Income tax benefits on stock-based compensation	—	—	32	—	—	—	—	—
Shares repurchased	—	—	—	18,246	(2,031 )	—	—	—
Recognition of stock-based compensation	—	—	52	—	—	—	—	—
Dividends declared	—	—	—	—	—	(1,256 )	—	(43 )
Spin-off of health care business	—	—	—	—	—	(1,505 )	9	—

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Other	—	—	8	—	—	(9	)	(1	)	1
Balance at December 31, 2014	428,597	536	632	63,261	(5,597	)	8,470	(3,312	)	270
Net income in stockholders' equity	—	—	—	—	—	1,013	—	—	—	48
Other comprehensive income, net of tax										
Unrealized translation	—	—	—	—	—	—	—	(905	)	(17
Employee postretirement benefits	—	—	—	—	—	—	—	945	(3	)
Other	—	—	—	—	—	—	—	5	—	—
Stock-based awards exercised or vested	—	—	(47	)	(2,888	)	186	—	—	—
Income tax benefits on stock-based compensation	—	—	32	—	—	—	—	—	—	—
Shares repurchased	—	—	—	7,364	(833	)	—	—	—	—
Shares retired	(50,000	)	(63	)	—	(50,000)	3,272	(3,209	)	—
Recognition of stock-based compensation	—	—	75	—	—	—	—	—	—	—
Dividends declared	—	—	—	—	—	—	—	(1,280	)	—
Shares purchased from noncontrolling interest	—	—	(94	)	—	—	—	(12	)	(45
Other	—	—	11	—	—	—	—	1	(3	)
Balance at December 31, 2015	378,597	\$473	\$609	17,737	\$(2,972)	\$4,994	\$(3,278	)	\$214	

See Notes to Consolidated Financial Statements.



KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CASH FLOW STATEMENT

(Millions of dollars)	Year Ended December 31		
	2015	2014	2013
Operating Activities			
Net income	\$1,066	\$1,595	\$2,221
Depreciation and amortization	746	862	863
Asset impairments	22	42	45
Stock-based compensation	75	52	92
Deferred income taxes	(255)	) 63	151
Net (gains) losses on asset dispositions	17	21	11
Equity companies' earnings (in excess of) less than dividends paid	(10)	) 28	(36)
(Increase) decrease in operating working capital	(445)	) (176)	(158)
Postretirement benefits	930	(102)	(158)
Charges related to Venezuelan Operations	153	462	36
Other	7	(2)	(27)
Cash Provided by Operations	2,306	2,845	3,040
Investing Activities			
Capital spending	(1,056)	) (1,039)	(953)
Acquisitions of businesses	—	—	(32)
Proceeds from dispositions of property	27	38	129
Proceeds from sales of investments	—	127	26
Investments in time deposits	(146)	) (151)	(93)
Maturities of time deposits	164	239	94
Other	(39)	) 16	(15)
Cash Used for Investing	(1,050)	) (770)	(844)
Financing Activities			
Cash dividends paid	(1,272)	) (1,256)	(1,223)
Change in short-term debt	303	721	(287)
Debt proceeds	1,100	1,257	890
Debt repayments	(553)	) (123)	(544)
Redemption of redeemable preferred securities of subsidiary	—	(500)	—
Cash paid on redeemable preferred securities of subsidiaries	(3)	) (34)	(27)
Proceeds from exercise of stock options	140	127	232
Acquisitions of common stock for the treasury	(861)	) (1,939)	(1,216)
Cash transferred to Halyard Health, Inc. related to spin-off	—	(120)	—
Shares purchased from noncontrolling interest	(151)	) —	—
Other	(1)	) (26)	(10)
Cash Used for Financing	(1,298)	) (1,893)	(2,185)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(128)	) (447)	(63)
Increase (Decrease) in Cash and Cash Equivalents	(170)	) (265)	(52)
Cash and Cash Equivalents - Beginning of Year	789	1,054	1,106
Cash and Cash Equivalents - End of Year	\$619	\$789	\$1,054

See Notes to Consolidated Financial Statements.



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

Note 1. Accounting Policies

Basis of Presentation

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

In 2014, we completed the spin-off of our health care business, creating a stand-alone, publicly traded health care company, Halyard Health, Inc. ("Halyard"), by distributing 100 percent of the outstanding shares of Halyard to holders of our common stock. See Note 3 for more information. The spun-off health care business is presented as discontinued operations on the Consolidated Income Statement for all periods presented. The health care business' balance sheet, other comprehensive income and cash flows are included within our Consolidated Balance Sheet, Consolidated Statement of Stockholders' Equity, Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement through October 31, 2014.

Accounting for Venezuelan Operations

Prior to December 31, 2015, we accounted for our operations in Venezuela using highly inflationary accounting. Since February 2013, the Central Bank of Venezuela's regulated currency exchange system rate has been 6.3 bolivars per U.S. dollar. During March 2013, the Venezuelan government announced a complementary currency exchange system, SICAD. In February 2014, the president of Venezuela announced that another floating rate exchange system (referred to as SICAD II) would be initiated. On February 10, 2015, the Venezuelan government announced the addition of a new foreign currency exchange system referred to as the Marginal Currency System, or SIMADI, along with the elimination of the SICAD II system.

We have historically measured results in Venezuela at the rate in which we transact our business. We have qualified for access to the official exchange rate because we manufacture and sell price-controlled products. Since March 2013, exchange transactions have taken place through letters of credit which resulted in an effective exchange rate of 6.3 bolivars per U.S. dollar and through approved transactions using the regulated currency exchange system, which were also at a 6.3 exchange rate. To date, we have not been invited to participate in SICAD, and currency exchanges obtained using the SIMADI system have been minimal. The SIMADI exchange rate at December 31, 2015 was 199 bolivars per U.S. dollar.

We continued to measure results at the 6.3 rate through December 31, 2014; however, given the level of uncertainty and lack of liquidity in Venezuela, we remeasured our local currency-denominated balance sheet as of December 31, 2014 at the year-end floating SICAD II exchange rate of 50 bolivars per U.S. dollar as we believed this was the most accessible rate available in the absence of exchange at 6.3 bolivars per U.S. dollar. This remeasurement resulted in a nondeductible charge of \$462 of which \$421 is recorded in other (income) and expense, net and \$41 is recorded in cost of products sold for the year ended December 31, 2014.

With the elimination of SICAD II in February 2015, we remeasured our local currency-denominated balance sheet during the first quarter of 2015 at the applicable floating SIMADI exchange rate as we believed this was the most accessible rate available to us in the absence of exchange at 6.3 bolivars per U.S. dollar. This remeasurement resulted in a nondeductible charge of \$45 in the Consolidated Income Statement for the three months ended March 31, 2015, with \$5 recorded in cost of products sold and \$40 recorded in other (income) and expense, net. We continued to use the applicable floating SIMADI exchange rate to measure our results of operations for the remainder of 2015. Remeasurement charges since March 31, 2015 were not significant.

As a result of the continued deterioration of conditions in the country, including a slowdown in the availability of foreign exchange, we concluded that we no longer meet the accounting criteria for control over our business in Venezuela and we deconsolidated our Venezuelan operations on December 31, 2015. As a result of deconsolidating our Venezuelan operations, we recorded an after tax charge of \$102, \$108 pre-tax, in other (income) and expense, net

in the fourth quarter of 2015. This charge included the write-off of our investment in our Venezuelan operations, related unrealized translation adjustments and elimination of intercompany

amounts. Beginning in the first quarter of 2016, we will no longer include the results of our Venezuelan business in our consolidated financial statements.

Net sales of K-C Venezuela represented approximately 3 percent and 2 percent of consolidated net sales for the years ended December 31, 2014 and 2013, respectively, and were insignificant in 2015.

#### Use of Estimates

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

#### Cash Equivalents

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

#### Inventories and Distribution Costs

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

#### Property and Depreciation

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

Estimated useful lives are periodically reviewed and, when warranted, changes are made to them. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss would be indicated when estimated undiscounted future cash flows from the use and eventual disposition of an asset group, which are identifiable and largely independent of the cash flows of other asset groups, are less than the carrying amount of the asset group. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset group over its fair value. Fair value is measured using discounted cash flows or independent appraisals, as appropriate. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Consolidated Balance Sheet and any gain or loss on the transaction is included in income.

#### Goodwill and Other Intangible Assets

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses.

Goodwill is not amortized, but rather is assessed for impairment annually and whenever events and circumstances indicate that impairment may have occurred. Impairment testing compares the reporting unit carrying amount of goodwill with its fair value. If the reporting unit carrying amount of goodwill exceeds its fair value, an impairment charge would be recorded. In our evaluation of goodwill impairment, we have the option to first assess qualitative factors such as macroeconomic, industry and competitive conditions, legal and regulatory environment, historical and projected financial performance, significant changes in the reporting unit and the magnitude of excess fair value over carrying amount from the previous quantitative impairment testing. If the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a quantitative impairment test using discounted cash flows to estimate fair value must be performed. On the other hand, if the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is more than its carrying value, then further quantitative testing is not required. For 2015, 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.

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

#### Investments in Equity Companies

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

#### Revenue Recognition

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

#### Sales Incentives and Trade Promotion Allowances

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

#### Advertising Expense

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

#### Research Expense

Research and development costs are charged to expense as incurred.

#### Foreign Currency Translation

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

#### Derivative Instruments and Hedging

Our policies allow the use of derivatives for risk management purposes and prohibit their use for speculation. Our policies also prohibit the use of any leveraged derivative instrument. Consistent with our policies, foreign currency derivative instruments, interest rate swaps and locks, and the majority of commodity hedging contracts are entered into with major financial institutions. At inception we formally designate certain derivatives as cash flow, fair value or net investment hedges and establish how the effectiveness of these hedges will be assessed and measured. This process links the derivatives to the transactions or financial balances they are hedging. Changes in the fair value of derivatives not designated as hedging instruments are recorded in earnings as they occur. All derivative instruments are recorded as assets or liabilities on the balance sheet at fair value. Changes in the fair value of derivatives are either recorded in the income statement or other comprehensive income, as appropriate. The gain or loss on derivatives designated as fair value hedges and the offsetting loss or gain on the hedged item attributable to the hedged risk are included in income in the period that changes in fair value occur. The effective portion of the gain or loss on derivatives designated





as cash flow hedges is included in other comprehensive income in the period that changes in fair value occur, and is reclassified to income in the same period that the hedged item affects income. The gain or loss on derivatives designated as hedges of investments in foreign subsidiaries is recognized in other comprehensive income to offset the change in value of the net investments being hedged. Any ineffective portion of cash flow hedges and net investment hedges is immediately recognized in income. Certain foreign-currency derivative instruments not designated as hedging instruments have been entered into to manage a portion of our foreign currency transactional exposures. The gain or loss on these derivatives is included in income in the period that changes in their fair values occur. See Note 13 for disclosures about derivative instruments and hedging activities.

#### New Accounting Standards

In July 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2015-11, Simplifying the Measurement of Inventory. This ASU changes the measurement principle for inventories valued under the FIFO or weighted-average methods from the lower of cost or market to the lower of cost and net realizable value. Net realizable value is defined by the FASB as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This ASU does not change the measurement principles for inventories valued under the LIFO method. We adopted this ASU on September 30, 2015. The adoption of this ASU did not have a material effect on our Consolidated Financial Statements.

In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. Under ASU 2015-17, a reporting entity is required to classify deferred tax assets and liabilities as noncurrent in a classified statement of financial position. 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. This ASU is effective for public business entities issuing financial statements for the annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for financial statements as of the beginning of an interim or annual reporting period. Entities may apply the update prospectively to all deferred tax assets and liabilities and taxes, or retrospectively for all periods presented. The effects of this update on our financial position, results of operations and cash flows are not expected to be material.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which makes limited amendments to the guidance in U.S. GAAP on the classification and measurement of financial instruments. The update significantly revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The update will take effect for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The effects of this update on our financial position, results of operations and cash flows are not expected to be material.

In May 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. The standard is effective for public entities 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 yet known.

#### Note 2. 2014 Organization Restructuring

In October 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 restructuring is expected to be completed by the end of 2016, with total costs, primarily severance, anticipated to be \$130 to \$160 after tax (\$190 to \$230 pre-tax). 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.

Charges were recorded in the following income statement line items:

	Year Ended December 31	
	2015	2014
Cost of products sold	\$23	\$40
Marketing, research and general expenses	40	93
Provision for income taxes	(21	) (38
Net charges	\$42	\$95

Cash payments of \$86 were made during 2015 related to the restructuring. Cash payments in 2014 were not material.

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

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

The results of the health care discontinued operations exclude certain corporate costs which were allocated to the health care segment historically and we expect to continue to incur these costs after the spin-off. These include costs related to supply chain, finance, legal, information technology, human resources, compliance, shared services, insurance, employee benefits and incentives, and stock-based compensation. On a pre-tax basis, these costs were \$70 for the ten months ended October 31, 2014 and \$85 in 2013.

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

In order to implement the spin-off, we entered into certain agreements with Halyard to effect our legal and structural separation; govern the relationship between us; and allocate various assets, liabilities and obligations between us, including, among other things, employee benefits, intellectual property and tax-related assets and liabilities. We also entered into a transition services agreement with Halyard, whereby we provided certain administrative and other services for a limited time, a tax matters agreement, an employee matters agreement, intellectual property agreements, manufacturing and supply agreements, distribution agreements and non-competition agreements.

### Note 4. European Strategic Changes

In 2012, we approved strategic changes related to our Western and Central European consumer and professional businesses to focus our resources and investments on stronger market positions and growth opportunities. We exited the diaper category in that region, with the exception of the Italian market, and divested or exited some lower-margin businesses, mostly in consumer tissue, in certain markets. The changes primarily affected our consumer businesses, with a modest impact on K-C Professional ("KCP"). The restructuring actions commenced in 2012 and were completed by December 31, 2014.

Restructuring actions related to the strategic changes involved the sale or closure of five of our European manufacturing facilities and streamlining of our administrative organization. After tax charges of \$30 and \$66 were incurred in connection with the European strategic changes in 2014 and 2013, respectively. Cumulative pre-tax charges between 2012 and 2014 for these strategic changes were \$413 (\$338 after tax). Cash payments of \$41 and \$156 were made during 2014 and 2013, respectively, related to the restructuring.

### Note 5. Fair Value Information

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

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



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

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

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

During 2015 and 2014, 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 \$57 and \$58 at December 31, 2015 and 2014, respectively. The COLI policies are a source of funding primarily for our nonqualified employee benefits and are included in other assets. The fair value of the COLI policies is considered a level 2 measurement and is derived from investments in a mix of money market, fixed income and equity funds managed by unrelated fund managers. At December 31, 2015 and 2014, derivative assets were \$56 and \$54, respectively, and derivative liabilities were \$42 and \$112, respectively. The fair values of derivatives used to manage interest rate risk and commodity price risk are based on LIBOR rates and interest rate swap curves and NYMEX price quotations, respectively. The fair value of hedging instruments used to manage foreign currency risk is based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates. Measurement of our derivative assets and liabilities is considered a level 2 measurement. Additional information on our classification and use of derivative instruments is contained in Note 13. The following table includes the fair value of our financial instruments for which disclosure of fair value is required:

	Fair Value Hierarchy Level	Carrying Amount December 31, 2015	Estimated Fair Value December 31, 2015	Carrying Amount December 31, 2014	Estimated Fair Value December 31, 2014
<b>Assets</b>					
Cash and cash equivalents <sup>(a)</sup>	1	\$619	\$619	\$789	\$789
Time deposits and other <sup>(b)</sup>	1	124	124	130	130
<b>Liabilities and redeemable securities of subsidiaries</b>					
Short-term debt <sup>(c)</sup>	2	1,071	1,071	777	777
Long-term debt <sup>(d)</sup>	2	6,704	7,300	6,179	6,963
Redeemable preferred securities of subsidiaries <sup>(e)</sup>	3	64	64	72	72

(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.

The redeemable preferred securities of subsidiaries are not traded in active markets. For certain instruments, 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

(e) to calculate fair values: face value, current LIBOR rate, unobservable fair value credit spread, stated spread, maturity date and interest or dividend payment dates. Additionally, the fair value of the remaining redeemable securities was based on various inputs, including an independent third-party appraisal, adjusted for current market conditions.



## Note 6. Intangible Assets

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

	Personal Care	Consumer Tissue	K-C Professional	Health Care Business	Total
Balance at December 31, 2013	\$684	\$641	\$424	\$1,432	\$3,181
Currency and other	(59	) (47	) (15	) (3	) (124
Spin-off of health care business	—	—	—	(1,429	) (1,429
Balance at December 31, 2014	625	594	409	—	1,628
Currency and other	(92	) (70	) (20	) —	(182
Balance at December 31, 2015	\$533	\$524	\$389	\$—	\$1,446

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

	2015 Gross Carrying Amount	Accumulated Amortization	2014 Gross Carrying Amount	Accumulated Amortization
Trademarks	\$109	\$77	\$117	\$79
Patents and developed technologies	47	11	49	9
Other	60	34	64	33
Total	\$216	\$122	\$230	\$121

## Note 7. Debt and Redeemable Preferred Securities of Subsidiaries

Long-term debt is composed of the following:

	Weighted- Average Interest Rate	Maturities	December 31	
			2015	2014
Notes and debentures	4.3%	2016 - 2045	\$6,396	\$5,656
Dealer remarketable securities	—	—	—	200
Industrial development revenue bonds	0.1%	2018 - 2034	264	261
Bank loans and other financings in various currencies	8.1%	2016 - 2025	44	62
Total long-term debt			6,704	6,179
Less current portion			598	549
Long-term portion			\$6,106	\$5,630

Scheduled maturities of long-term debt for the next five years are \$598 in 2016, \$964 in 2017, \$933 in 2018, \$308 in 2019 and \$755 in 2020.

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

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

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

On October 17, 2014, we issued debt of \$640 aggregate principal amount that was transferred to Halyard as part of the spin-off.

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

In 2013, we issued \$250 aggregate principal amount of floating rate notes due May 15, 2016, \$350 aggregate principal amount of 2.4% notes due June 1, 2023, and \$250 aggregate principal amount of 3.7% notes due June 1, 2043.

Proceeds from the offering were used to repay our \$500 aggregate principal amount of 5.0% notes due August 15, 2013, to fund investment in our business and for general corporate purposes.

In 2014, we entered into a \$2.0 billion revolving credit facility which expires in 2019. This facility, currently unused, supports our commercial paper program, and would provide liquidity in the event our access to the commercial paper markets is unavailable for any reason.

#### Redeemable Preferred Securities of Subsidiaries

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

#### Note 8. Stock-Based Compensation

We have a stock-based Equity Participation Plan and an Outside Directors' Compensation Plan (the "Plans"), under which we can grant stock options, restricted shares and restricted share units to employees and outside directors. As of December 31, 2015, the number of shares of common stock available for grants under the Plans aggregated 20 million shares.

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

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

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

Stock-based compensation costs of \$75, \$52 and \$92 and related deferred income tax benefits of \$29, \$19 and \$35 were recognized for 2015, 2014 and 2013, respectively.

The fair value of stock option awards was determined using a Black-Scholes-Merton option-pricing model utilizing a range of assumptions related to dividend yield, volatility, risk-free interest rate, and employee exercise behavior.

Dividend yield is based on historical experience and expected future dividend actions. Expected volatility is based on a blend of historical volatility and implied volatility from traded options on Kimberly-Clark's common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. We estimate forfeitures based on historical data.





The weighted-average fair value of options granted was estimated at \$7.39, \$7.89 and \$7.15, in 2015, 2014 and 2013, respectively, per option on the date of grant based on the following assumptions:

	Year Ended December 31			
	2015	2014	2013	
Dividend yield	3.50	% 3.50	% 3.70	%
Volatility	13.42	% 13.41	% 15.40	%
Risk-free interest rate	1.51	% 1.73	% 0.87	%
Expected life - years	4.8	5.0	5.1	

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

	December 31, 2015	Weighted-Average Service Years
Nonvested stock options	\$9	1.3
Restricted shares and time-vested restricted share units	5	1.9
Nonvested performance-based restricted share units	52	1.9

Excess tax benefits, resulting from tax deductions in excess of the compensation cost recognized, aggregating \$37, \$37 and \$50 were classified as other cash inflows under Financing Activities in the Consolidated Cash Flow Statement for the years ended December 31, 2015, 2014 and 2013, respectively.

A summary of stock-based compensation is presented below:

Stock Options	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2015	6,961	\$82.32		
Granted	1,779	110.73		
Exercised	(1,941)	) 71.97		
Forfeited or expired	(209)	) 103.43		
Outstanding at December 31, 2015	6,590	92.35	6.76	\$230
Exercisable at December 31, 2015	3,339	77.34	4.86	\$167

The total intrinsic value of options exercised during the years ended December 31, 2015, 2014 and 2013 was \$83, \$79 and \$138, respectively.

Other Stock-Based Awards	Time-Vested Restricted Share Units		Performance-Based Restricted Share Units	
	Shares (in thousands)	Weighted- Average Grant-Date Fair Value	Shares (in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested at January 1, 2015	244	\$86.34	1,809	\$96.35
Granted	77	107.29	770	106.82
Vested	(212)	) 83.01	(683)	) 78.17
Forfeited	(7)	) 87.59	(135)	) 104.30
Nonvested at December 31, 2015	102	108.91	1,761	107.51

The total fair value of restricted share units that were distributed to participants during 2015, 2014 and 2013 was \$99, \$102 and \$45, respectively.

Note 9. Employee Postretirement Benefits

Substantially all regular employees in the U.S. and the United Kingdom are covered by defined benefit pension plans (the "Principal Plans") and/or defined contribution retirement plans. The information presented for the Principal Plans for 2014 and 2013 also included Canada and Puerto Rico. Certain other subsidiaries have defined benefit pension plans or, in certain countries, termination pay plans covering substantially all regular employees. The funding policy for our qualified defined benefit pension plans is to contribute assets at least equal in amount to regulatory minimum requirements. Nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code are not funded.

Substantially all U.S. retirees and employees have access to our unfunded healthcare and life insurance benefit plans. The annual increase in the consolidated weighted-average healthcare cost trend rate is expected to be 5.8 percent in 2016 and to decline to 4.6 percent in 2028 and thereafter. Assumed healthcare cost trend rates affect the amounts reported for postretirement healthcare benefit plans. A one-percentage-point change in assumed healthcare trend rates would not have a significant effect on our financial results.

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

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

	Pension Benefits		Other Benefits	
	Year Ended December 31			
	2015	2014	2015	2014
<b>Change in Benefit Obligation</b>				
Benefit obligation at beginning of year	\$6,860	\$6,164	\$788	\$761
Service cost	38	46	12	13
Interest cost	187	279	32	35
Actuarial loss (gain)	(150)	) 986	(53)	) 39
Currency and other	(139)	) (207)	) (8)	) (4)
Benefit payments from plans	(235)	) (356)	) —	) —
Direct benefit payments	(12)	) (10)	) (54)	) (56)
Settlements	(2,590)	) (42)	) —	) —
Benefit obligation at end of year	3,959	6,860	717	788
<b>Change in Plan Assets</b>				
Fair value of plan assets at beginning of year	5,914	5,567	—	—
Actual return on plan assets	54	694	—	—
Employer contributions	484	185	—	—
Currency and other	(119)	) (142)	) —	) —
Benefit payments	(235)	) (356)	) —	) —
Settlements	(2,590)	) (34)	) —	) —
Fair value of plan assets at end of year	3,508	5,914	—	—
Funded Status	\$(451)	) \$(946)	) \$(717)	) \$(788)
<b>Amounts Recognized in the Balance Sheet</b>				
Noncurrent asset - prepaid benefit cost	\$16	\$6	\$—	\$—
Current liability - accrued benefit cost	(11)	) (13)	) (50)	) (51)
Noncurrent liability - accrued benefit cost	(456)	) (939)	) (667)	) (737)
Net amount recognized	\$(451)	) \$(946)	) \$(717)	) \$(788)

Information for the Principal Plans and All Other Pension Plans

	Principal Plans		All Other Pension Plans		Total	
	Year Ended December 31					
	2015	2014	2015	2014	2015	2014
Projected benefit obligation ("PBO")	\$3,295	\$6,312	\$664	\$548	\$3,959	\$6,860
Accumulated benefit obligation ("ABO")	3,253	6,221	594	475	3,847	6,696
Fair value of plan assets	3,019	5,559	489	355	3,508	5,914

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

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

	December 31					
	2015			2014		
PBO	\$2,115			\$4,983		
ABO	2,096			4,908		
Fair value of plan assets	1,696			4,111		
Components of Net Periodic Benefit Cost						
	Pension Benefits			Other Benefits		
	Year Ended December 31					
	2015	2014	2013	2015	2014	2013
Service cost	\$38	\$46	\$53	\$12	\$13	\$17
Interest cost	187	279	257	32	35	32
Expected return on plan assets <sup>(a)</sup>	(215 )	(332 )	(331 )	—	—	—
Recognized net actuarial loss	75	100	120	—	—	3
Curtailments	—	—	(32 )	—	—	—
Settlements	1,357	20	1	—	—	—
Other	(10 )	(3 )	1 )	(1 )	(1 )	(2 )
Net periodic benefit cost	\$1,432	\$110	\$69	\$43	\$47	\$50

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

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

	Pension Benefits				Other Benefits			
	Projected 2016	2015	2014	2013	2015	2014	2013	
Discount rate	3.91 %	3.86 %	4.66 %	4.04 %	4.28 %	4.97 %	3.97 %	%
Expected long-term return on plan assets	4.84 %	5.21 %	5.98 %	6.26 %	— %	—	—	
Rate of compensation increase	2.32 %	2.63 %	2.67 %	2.73 %	— %	—	—	

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

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Discount rate	3.91 %	3.83 %	4.59 %	4.28 %
Rate of compensation increase	2.32 %	2.63 %	— %	—

## Investment Strategies for the Principal Plans

Strategic asset allocation decisions are made considering several risk factors, including plan participants' retirement benefit security, the estimated payments of the associated liabilities, the plan funded status, and Kimberly-Clark's financial condition. The resulting strategic asset allocation is a diversified blend of equity and fixed income investments. Equity investments are typically diversified across geographies and market capitalization. Fixed income investments are diversified across multiple sectors including government issues and corporate debt instruments with a portfolio duration that is consistent with the estimated payment of the associated liability. Actual asset allocation is regularly reviewed and periodically rebalanced to the strategic allocation when considered appropriate. Our 2016 target plan asset allocation for the Principal Plans is 70 percent fixed income securities and 30 percent equity securities.

The expected long-term rate of return is evaluated on an annual basis. In setting this assumption, we consider a number of factors including projected future returns by asset class relative to the current asset allocation. The weighted-average expected long-term rate of return on pension fund assets used to calculate pension expense for the Principal Plans was 5.35 percent in 2015 compared with 6.16 percent in 2014 and will be 5.10 percent in 2016. Set forth below are the pension plan assets of the Principal Plans measured at fair value, by level in the fair-value hierarchy:

## Fair Value Measurements at December 31, 2015

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents				
Held directly	\$ 14	\$ 12	\$ 2	\$—
Held through mutual and pooled funds	34	—	34	—
Fixed Income				
Held directly				
U.S. government and municipals	157	141	16	—
U.S. corporate debt	21	—	21	—
Held through mutual and pooled funds				
U.S. government and municipals	149	—	149	—
U.S. corporate debt	623	—	623	—
International bonds	1,236	—	1,236	—
Equity				
Held directly				
U.S. equity	58	58	—	—
International equity	30	30	—	—
Held through mutual and pooled funds				
Non-U.S. equity	67	—	67	—
Global equity	630	—	630	—
Total Plan Assets	\$3,019	\$ 241	\$2,778	\$—

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

## Fair Value Measurements at December 31, 2014

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents				
Held directly	\$28	\$ 28	\$—	\$—
Held through mutual and pooled funds	175	9	166	—
Fixed Income				
Held directly				
U.S. government and municipals	252	71	181	—
U.S. corporate debt	2,167	—	2,167	—
U.S. securitized fixed income	6	—	6	—
Held through mutual and pooled funds				
U.S. corporate debt	149	—	149	—
International bonds	1,438	—	1,438	—
Multi-sector	1	1	—	—
Equity				
Held directly				
U.S. equity	18	18	—	—
Held through mutual and pooled funds				
U.S. equity	4	4	—	—
Non-U.S. equity	106	1	105	—
Global equity	1,186	—	1,186	—
Other	29	29	—	—
Total Plan Assets	\$5,559	\$ 161	\$5,398	\$—

As of December 31, 2014, the U.S. pension plan had equity options in place with a total notional value of approximately \$950, and the fair value of the aggregate options was an asset position of \$29. As of December 31, 2014, the U.S. plan had Treasury futures contracts in place with a total notional value of approximately \$510 and an insignificant fair value.

During 2015 and 2014, the plan assets did not include a significant amount of Kimberly-Clark common stock. Inputs and valuation techniques used to measure the fair value of plan assets vary according to the type of security being valued. Substantially all of the equity securities held directly by the plans are actively traded and fair values are determined based on quoted market prices. Fair values of U.S. Treasury securities are determined based on trading activity in the marketplace.

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

Fair values of equity securities and fixed income securities held through units of pooled funds are based on net asset value of the units of the pooled fund determined by the fund manager. Pooled funds are similar in nature to retail mutual funds, but are typically more efficient for institutional investors. The fair value of pooled funds is determined by the value of the underlying assets held by the fund and the units outstanding. The value of the pooled fund is not directly observable, but is based on observable inputs.

Equity securities held directly by the pension trusts and those held through units in pooled funds are monitored as to issuer and industry. Except for U.S. Treasuries, concentrations of fixed income securities are similarly monitored for concentrations by issuer and industry. As of December 31, 2015, there were no significant concentrations of equity or debt securities in any single issuer or industry.

No significant level 3 transfers (in or out) were made in 2015 or 2014.





We expect to contribute up to \$100 to our defined benefit pension plans in 2016. Over the next ten years, we expect that the following gross benefit payments will occur:

	Pension Benefits	Other Benefits
2016	\$ 217	\$51
2017	234	53
2018	238	54
2019	242	56
2020	251	58
2021-2025	1,284	291

#### Defined Contribution Pension Plans

Our 401(k) profit sharing plan and supplemental plan provide for a matching contribution of a U.S. employee's contributions and accruals, subject to predetermined limits, as well as a discretionary profit sharing contribution, in which contributions will be based on our profit performance. We also have defined contribution pension plans for certain employees outside the U.S. Costs charged to expense for our defined contribution pension plans were \$107, \$121 and \$117 in 2015, 2014 and 2013, respectively. Approximately one-third of these costs were for plans outside the U.S.

#### Note 10. Stockholders' Equity

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:

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

## Accumulated Other Comprehensive Income/Loss

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

	Unrealized Translation	Defined Benefit Pension Plans	Other Postretirement Benefit Plans	Cash Flow Hedges and Other
Balance as of December 31, 2013	\$ (525 )	\$ (1,668 )	\$ (15 )	\$ (34 )
Other comprehensive income (loss) before reclassifications	(819 )	(313 )	(23 )	29
(Income) loss reclassified from AOCI	—	57	(a) 1	(a) (11 )
Net current period other comprehensive income (loss)	(819 )	(256 )	(22 )	18
Spin-off of health care business	9	—	—	—
Balance as of December 31, 2014	(1,335 )	(1,924 )	(37 )	(16 )
Other comprehensive income (loss) before reclassifications	(942 )	39	35	53
(Income) loss reclassified from AOCI	37	(b) 872	(a) (1 )	(a) (48 )
Net current period other comprehensive income (loss)	(905 )	911	34	5
Shares purchased from noncontrolling interests and other	(12 )	—	—	1
Balance as of December 31, 2015	\$ (2,252 )	\$ (1,013 )	\$ (3 )	\$ (10 )

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

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

Included in the defined benefit pension plans and other postretirement benefit plans balances as of December 31, 2015 is \$1,061 and \$46 of unrecognized net actuarial loss and unrecognized net prior service credit, respectively, of which \$52 and \$10 pre-tax, respectively, are expected to be recognized as a component of net periodic benefit cost in 2016.

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

	Year Ended December 31		
	2015	2014	2013
Unrealized translation	\$ (882 )	\$ (826 )	\$ (495 )
Tax effect	(23 )	7	(4 )
	(905 )	(819 )	(499 )
Defined benefit pension plans			
Unrecognized net actuarial loss and transition amount			
Funded status recognition	(4 )	(624 )	356
Amortization included in net periodic benefit cost	75	100	120
2015 U.S. plan settlements (recorded in Other (income) and expense, net)	1,355	—	—
Currency and other	42	69	(8 )
	1,468	(455 )	468
Unrecognized prior service cost/credit			
Funded status recognition	4	42	—
Amortization included in net periodic benefit cost	(12 )	(7 )	(31 )
Currency and other	(2 )	(3 )	(1 )
	(10 )	32	(32 )
Tax effect	(547 )	167	(176 )
	911	(256 )	260
Other postretirement benefit plans			
Unrecognized net actuarial loss and transition amount			
Unrecognized prior service cost/credit	(4 )	—	(3 )
Tax effect	(21 )	14	(24 )
	34	(22 )	38
Cash flow hedges and other			
Recognition of effective portion of hedges			
Amortization included in net income	66	18	37
Currency and other	(53 )	(5 )	(10 )
Tax effect	(7 )	2	4
	(1 )	3	(13 )
	5	18	18
Shares purchased from noncontrolling interests and other	(11 )	—	—
Spin-off of health care business	—	9	—
Change in AOCI	\$34	\$ (1,070 )	\$ (183 )

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

Net unrealized currency gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries, except those in highly inflationary economies, are recorded in AOCI. For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation adjustments are recorded in AOCI rather than net income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable unrealized translation adjustment would be removed from AOCI and reported as part of the gain or loss on the sale or liquidation. The change in unrealized translation in 2015 is primarily due to the strengthening of the U.S. dollar versus the Brazilian real, Australian dollar, euro, Canadian dollar and Colombian peso as well as most other foreign currencies. Also included in unrealized translation amounts are the effects of foreign exchange rate changes on intercompany balances of a long-term investment nature and transactions designated as hedges of net foreign investments.



#### Note 11. Leases and Commitments

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

	Year Ending December
	31
2016	\$ 142
2017	115
2018	86
2019	67
2020	53
Thereafter	82
Future minimum obligations	\$ 545

Consolidated rental expense under operating leases was \$279, \$303 and \$316 in 2015, 2014 and 2013, respectively.

We have entered into long-term contracts for the purchase of superabsorbent materials, pulp and certain utilities.

Commitments under these contracts based on current prices are \$698 in 2016, \$170 in 2017, \$139 in 2018, \$144 in 2019, \$156 in 2020, and beyond the year 2020 are not significant.

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

#### Note 12. Legal Matters

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

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

#### Note 13. Objectives and Strategies for Using Derivatives

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

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

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

	Assets		Liabilities	
	2015	2014	2015	2014
Foreign currency exchange contracts	\$56	\$54	\$27	\$102
Commodity price contracts	—	—	15	10
Total	\$56	\$54	\$42	\$112

The derivative assets are included in the Consolidated Balance Sheet in other current assets and other assets, as appropriate. The derivative liabilities are included in the Consolidated Balance Sheet in accrued expenses and other liabilities, as appropriate.

Derivative instruments that are designated and qualify as fair value hedges are predominantly used to manage interest rate risk. The fair values of these derivative instruments are recorded as an asset or liability, as appropriate, with the offset recorded in current earnings. The offset to the change in fair values of the related hedged items also is recorded in current earnings. Any realized gain or loss on the derivatives that hedge interest rate risk is amortized to interest expense over the life of the related debt. At December 31, 2015, 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 each of the three years ended December 31, 2015. For each of the three years ended December 31, 2015, gains or losses recognized in interest expense and the related assets and liabilities for interest rates swaps were not significant. For each of the three years ended December 31, 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 December 31, 2015, outstanding commodity forward contracts were in place to hedge a limited portion of our estimated requirements of the related underlying commodities in 2016 and future periods. As of December 31, 2015, the aggregate notional values of outstanding foreign exchange derivative contracts designated as cash flow hedges was \$815 and there were no outstanding interest rate derivative contracts designated as cash flow hedges. Cash flow hedges resulted in no significant ineffectiveness in each of the three years ended December 31, 2015. For each of the three years ended December 31, 2015, no gains or losses were reclassified into earnings as a result of the discontinuance of cash flow hedges due to the original forecast transaction no longer being probable of occurring. At December 31, 2015, amounts to be reclassified from AOCI during the next twelve months are not expected to be material. The maximum maturity of cash flow hedges in place at December 31, 2015 is December 2018.

Gains or losses on undesignated foreign exchange hedging instruments are immediately recognized in other (income) and expense, net. Losses of \$188, \$192 and \$74 were recorded in the years ending December 31, 2015, 2014 and 2013, respectively. The effect on earnings from the use of these non-designated derivatives is substantially neutralized by the transactional gains and losses recorded on the underlying assets and liabilities. At December 31, 2015, the notional amount of these undesignated derivative instruments was \$2.4 billion.

## Note 14. Income Taxes

An analysis of the provision for income taxes follows:

	Year Ended December 31		
	2015	2014	2013
Current income taxes			
United States	\$223	\$350	\$292
State	56	48	99
Other countries	394	387	286
Total	673	785	677
Deferred income taxes			
United States	(180	) 67	85
State	(74	) (16	) 14
Other countries	(1	) 20	52
Total	(255	) 71	151
Total provision for income taxes	\$418	\$856	\$828

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

	Year Ended December 31		
	2015	2014	2013
United States	\$451	\$1,571	\$1,557
Other countries	884	684	1,084
Total income before income taxes	\$1,335	\$2,255	\$2,641

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

	December 31		
	2015	2014	
Deferred tax assets			
Pension and other postretirement benefits	\$682	\$883	
Tax credits and loss carryforwards	443	538	
Other	599	667	
	1,724	2,088	
Valuation allowance	(274	) (215	)
Total deferred tax assets	1,450	1,873	
Deferred tax liabilities			
Pension and other postretirement benefits	254	260	
Property, plant and equipment, net	1,118	1,162	
Investments in subsidiaries	186	223	
Other	281	339	
Total deferred tax liabilities	1,839	1,984	
Net deferred tax assets (liabilities)	\$(389	) \$(111	)



Valuation allowances at the end of 2015 primarily relate to tax credits and income tax loss carryforwards of \$0.8 billion. If these items are not utilized against taxable income, \$357 of the loss carryforwards will expire from 2016 through 2035. The remaining \$458 have no expiration date.

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

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

	Year Ended December 31				
	2015	2014	2013		
U.S. statutory rate applied to income before income taxes	35.0	% 35.0	% 35.0		%
Rate of state income taxes, net of federal tax benefit	(0.9	) 0.7	2.7		
Statutory rates other than U.S. statutory rate	(6.9	) (3.0	) (3.0	)	)
Venezuela deconsolidation, balance sheet remeasurement and inflationary impacts	4.5	4.9	(0.8	)	)
Uncertain tax positions adjustment <sup>(a)</sup>	3.7	—	—		
Routine tax incentives <sup>(b)</sup>	(7.4	) (3.6	) (3.9	)	)
Net tax cost on foreign income <sup>(b)</sup>	5.1	3.6	1.6		
Other - net <sup>(c)</sup>	(1.8	) 0.4	(0.2	)	)
Effective income tax rate	31.3	% 38.0	% 31.4		%

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

(b) In 2015, we aggregated certain items to provide additional information on impacts to our effective tax rate. Prior years have been recast to conform with the 2015 presentation.

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

At December 31, 2015, U.S. income taxes and foreign withholding taxes have not been provided on \$8.8 billion of unremitted earnings of subsidiaries operating outside the U.S. These earnings, which are considered to be invested indefinitely, would become subject to income tax if they were remitted as dividends, were lent to one of our U.S. entities, or if we were to sell our stock in the subsidiaries. Determination of the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings is not practicable because of the complexities associated with this hypothetical calculation. We do not expect restrictions or taxes on repatriation of cash held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations in the foreseeable future.

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

	2015	2014	2013		
Balance at January 1	\$416	\$473	\$435		
Gross increases for tax positions of prior years	80	36	73		
Gross decreases for tax positions of prior years	(61	) (91	) (31	)	)
Gross increases for tax positions of the current year	59	87	37		
Settlements	(63	) (77	) (35	)	)
Other	(25	) (12	) (6	)	)
Balance at December 31	\$406	\$416	\$473		

Of the amounts recorded as unrecognized tax benefits at December 31, 2015, \$307 would reduce our effective tax rate if recognized.



We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. During each of the three years ended December 31, 2015, the net cost in interest and penalties was not significant. Total accrued penalties and net accrued interest was \$40 and \$28 at December 31, 2015 and 2014, respectively.

It is reasonably possible that a number of uncertainties could be resolved within the next 12 months. The aggregate resolution of the uncertainties could be up to \$170, while none of the uncertainties is individually significant.

Resolution of these matters is not expected to have a material effect on our financial condition, results of operations or liquidity.

As of December 31, 2015, the following tax years remain subject to examination for the major jurisdictions where we conduct business:

Jurisdiction	Years
United States	2012 to 2015
United Kingdom	2012 to 2015
Brazil	2010 to 2015
Korea	2014 to 2015
China	2006 to 2015

Our U.S. federal income tax returns have been audited through 2011. We have various federal income tax return positions in administrative appeals for 2004, 2005, 2007, 2010 and 2011.

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

#### Note 15. Earnings Per Share ("EPS")

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

(Millions of shares)	2015	2014	2013
Basic	363.8	374.5	384.0
Dilutive effect of stock options and restricted share unit awards	2.5	2.9	3.3
Diluted	366.3	377.4	387.3

Options outstanding that were not included in the computation of diluted EPS because their exercise price was greater than the average market price of the common shares were insignificant. The number of common shares outstanding as of December 31, 2015, 2014 and 2013 was 360.9 million, 365.3 million and 380.8 million, respectively.

#### Note 16. Business Segment Information

We are organized into operating segments based on product groupings. These operating segments have been aggregated into three reportable global business segments: Personal Care, Consumer Tissue and KCP. The reportable segments were determined in accordance with how our 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, including the charges related to the 2014 Organization Restructuring and the European strategic changes described in Notes 2 and 4, respectively.

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

Personal Care brands offer our consumers a trusted partner in caring for themselves and their families by delivering confidence, protection and discretion through a wide variety of innovative solutions and products such as disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Kotex, U by Kotex, Intimus, Depend, Plenitud, Poise and other brand names.

Consumer Tissue offers a wide variety of innovative solutions and trusted brands that touch and improve people's lives every day. Products in this segment include facial and bathroom tissue, paper towels, napkins and related products, and are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Neve and other brand names.

K-C Professional partners with businesses to create Exceptional Workplaces, helping to make them healthier, safer and more productive through a range of solutions and supporting products such as wipers, tissue, towels, apparel, soaps and sanitizers. Our brands, including Kleenex, Scott, WypAll, Kimtech and Jackson Safety, are well-known for quality and trusted to help people around the world work better.

Net sales to Wal-Mart Stores, Inc. were approximately 14 percent in 2015, and approximately 13 percent in 2014 and 2013, of our total net sales.

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

#### Consolidated Operations by Business Segment

	Year Ended December 31		
	2015	2014	2013
NET SALES <sup>(a)</sup>			
Personal Care	\$9,204	\$9,635	\$9,536
Consumer Tissue	6,121	6,645	6,637
K-C Professional	3,219	3,388	3,323
Corporate & Other	47	56	65
TOTAL NET SALES	\$18,591	\$19,724	\$19,561
OPERATING PROFIT <sup>(b)</sup>			
Personal Care	\$1,885	\$1,803	\$1,698
Consumer Tissue	1,073	1,062	988
K-C Professional	590	604	605
Corporate & Other <sup>(c)</sup>	(367	) (495	) (381
Other (income) and expense, net <sup>(d)</sup>	1,568	453	7
TOTAL OPERATING PROFIT	\$1,613	\$2,521	\$2,903

(a) Net sales in the United States to third parties totaled \$8,819, \$8,573 and \$8,557 in 2015, 2014 and 2013, respectively.

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

(c) Corporate & Other includes charges related to the 2014 Organization Restructuring of \$63 and \$133, and \$5 and \$41 related to the remeasurement of the Venezuelan balance sheet, in 2015 and 2014, respectively. Corporate & Other also includes \$23 for restructuring in Turkey in 2015, and \$33 and \$76 related to European strategic changes in 2014 and 2013, respectively.

(d) Other (income) and expense, net for 2015 and 2014 include charges of \$40 and \$421, respectively, related to the remeasurement of the Venezuelan balance sheet. In addition, 2015 includes charges of \$108 for the deconsolidation of our Venezuelan operations and \$1,358 for charges related to pension settlements and 2014 includes a charge of \$35 related to a regulatory dispute in the Middle East. The results for 2013 include a balance sheet remeasurement charge of \$36 due to a devaluation of the Venezuelan bolivar and a charge of \$5 for European strategic changes.



	Personal Care	Consumer Tissue	K-C Professional	Corporate & Other	Ongoing Operations	Health Care Business (Spun-off)	Consolidated Total
Depreciation and Amortization							
2015	\$340	\$282	\$121	\$3	\$746	\$—	\$746
2014	359	299	132	3	793	69	862
2013	332	318	138	4	792	71	863
Assets							
2015	6,330	5,050	2,264	1,198	14,842	—	14,842
2014	6,373	5,229	2,339	1,585	15,526	—	15,526
2013	6,623	5,483	2,431	2,012	16,549	2,370	18,919
Capital Spending							
2015	590	344	116	6	1,056	—	1,056
2014	501	314	143	6	964	75	1,039
2013	461	328	118	2	909	44	953

## Sales of Principal Products

(Billions of dollars)

	2015	2014	2013
Consumer tissue products	\$6.1	\$6.6	\$6.6
Baby and child care products	6.6	7.0	7.0
Away-from-home professional products	3.2	3.4	3.3
All other	2.7	2.7	2.7
Consolidated	\$18.6	\$19.7	\$19.6

## Note 17. Supplemental Data

## Supplemental Income Statement Data

	Year Ended December 31		
	2015	2014	2013
Advertising expense	\$710	\$767	\$769
Research expense	324	368	333

## Equity Companies' Data

	Net Sales	Gross Profit	Operating Profit	Net Income	Corporation's Share of Net Income
2015	\$2,255	\$773	\$497	\$308	\$149
2014	2,452	781	485	304	146
2013	2,638	950	642	426	205
	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Stockholders' Equity
2015	\$1,103	\$993	\$508	\$1,068	\$520
2014	1,016	1,040	690	963	403
2013	1,197	1,124	847	845	629

Equity companies are principally engaged in operations in the personal care and consumer tissue businesses. At December 31, 2015, our ownership interest in Kimberly-Clark de Mexico, S.A.B. de C.V. and subsidiaries was 47.9%. Kimberly-Clark de Mexico, S.A.B. de C.V. is partially owned by the public, and its stock is publicly traded in Mexico. At December 31, 2015, our investment in this equity company was \$179, and the estimated fair value of the investment was \$2.9 billion based on the market price of publicly traded shares. Our other equity ownership interests are not significant to our consolidated balance sheet or financial results.

At December 31, 2015, unremitted net income of equity companies included in consolidated retained earnings was \$1 billion.

#### Supplemental Balance Sheet Data

	December 31	
	2015	2014
Summary of Accounts Receivable, Net		
From customers	\$2,017	\$2,079
Other	329	210
Less allowance for doubtful accounts and sales discounts	(65	) (66
Total	\$2,281	\$2,223

	December 31			2014		
	LIFO	Non-LIFO	Total	LIFO	Non-LIFO	Total
Summary of Inventories by Major Class						
Raw materials	\$100	\$297	\$397	\$104	\$322	\$426
Work in process	110	93	203	120	95	215
Finished goods	525	689	1,214	511	672	1,183
Supplies and other	—	278	278	—	288	288
	735	1,357	2,092	735	1,377	2,112
Excess of FIFO or weighted-average cost over LIFO cost	(183	) —	(183	) (220	) —	(220
Total	\$552	\$1,357	\$1,909	\$515	\$1,377	\$1,892

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

	December 31	
	2015	2014
Summary of Property, Plant and Equipment, Net		
Land	\$164	\$177
Buildings	2,537	2,574
Machinery and equipment	13,393	13,437
Construction in progress	453	591
	16,547	16,779
Less accumulated depreciation	(9,443	) (9,420
Total	\$7,104	\$7,359

Property, plant and equipment, net in the United States as of December 31, 2015 and 2014 was \$3,716 and \$3,685, respectively.

	December 31		
Summary of Accrued Expenses	2015		2014
Accrued advertising and promotion	\$339		\$326
Accrued salaries and wages	392		415
Accrued rebates	229		258
Accrued taxes - income and other	329		330
Derivatives	36		113
Other	425		532
Total	\$1,750		\$1,974
Supplemental Cash Flow Statement Data			
Summary of Cash Flow Effects of Decrease (Increase) in Operating	Year Ended December 31		
Working Capital	2015	2014	2013
Accounts receivable	\$60	\$267	\$4
Inventories	(28	) 12	100
Trade accounts payable	44	(30	) 128
Accrued expenses	(110	) (120	) (177
Accrued income taxes	(81	) (159	) (90
Derivatives	(63	) 103	5
Currency and other	(267	) (249	) (128
Total	\$(445	) \$(176	) \$(158
	Year Ended December 31		
Other Cash Flow Data	2015	2014	2013
Interest paid	\$308	\$300	\$307
Income taxes paid	695	926	776



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Kimberly-Clark Corporation and subsidiaries (the "Corporation") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark Corporation and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Corporation's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2016 expressed an unqualified opinion on the Corporation's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP  
Deloitte & Touche LLP  
Dallas, Texas  
February 11, 2016

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2015, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a - 15(e) and 15d - 15(e) of the Securities Exchange Act of 1934 (Exchange Act)). Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2015.

Internal Control Over Financial Reporting

Management's Report on the Financial Statements

Our management is responsible for all aspects of the business, including the preparation of the Consolidated Financial Statements in this annual report. The Consolidated Financial Statements have been prepared using generally accepted accounting principles considered appropriate in the circumstances to present fairly our consolidated financial position, results of operations and cash flows on a consistent basis. Management also has prepared the other information in this annual report and is responsible for its accuracy and consistency with the Consolidated Financial Statements.

Some financial statement amounts are based on estimates and judgments, and measures have been taken to provide reasonable assurance of the integrity and reliability of the financial information contained in this annual report. These measures include an effective control-oriented environment in which the internal audit function plays an important role and an Audit Committee of the Board of Directors oversees the financial reporting process. The Consolidated Financial Statements have been audited by the independent registered public accounting firm, Deloitte & Touche LLP. During its audits, Deloitte & Touche LLP was given unrestricted access to all financial records, including minutes of all meetings of stockholders and our Board of Directors and all committees of our Board. Management believes that all representations made to the independent registered public accountants during their audits were valid and appropriate.

Audit Committee Oversight and Our Code of Conduct

The Audit Committee of our Board of Directors, which is composed solely of independent directors, assists our Board in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing and financial reporting practices; the audits of our Consolidated Financial Statements; and internal control over financial reporting. The Audit Committee reviews with the auditors any relationships that may affect their objectivity and independence. The Audit Committee also reviews with management, the internal auditors and the independent registered public accounting firm the quality and adequacy of our internal control over financial reporting, including compliance matters related to our code of conduct, and the results of internal and external audits. The Audit Committee has reviewed and recommended that the audited Consolidated Financial Statements included in this report be included in the Form 10-K for filing with the Securities and Exchange Commission.

Our code of conduct, among other things, contains policies for conducting business affairs in a lawful and ethical manner everywhere we do business, for avoiding potential conflicts of interest and for preserving confidentiality of information and business ideas. Internal controls have been implemented to provide reasonable assurance that the code of conduct is followed.

Management's Report on Internal Control Over Financial Reporting

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

limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

We have assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, we used the criteria described in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2015, our internal control over financial reporting is effective.

Deloitte & Touche LLP has issued its attestation report on the effectiveness of our internal control over financial reporting. That attestation report appears below.

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

/s/ Maria Henry  
Maria Henry  
Senior Vice President and  
Chief Financial Officer

February 11, 2016

#### Changes in Internal Control Over Financial Reporting

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

Report of Independent Registered Public Accounting Firm

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

We have audited the internal control over financial reporting of Kimberly-Clark Corporation and subsidiaries (the "Corporation") as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

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

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

the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis.

Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of the Corporation as of and for the year ended December 31, 2015 and our report dated February 11, 2016 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP  
Deloitte & Touche LLP  
Dallas, Texas  
February 11, 2016

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following sections of our 2016 Proxy Statement for the Annual Meeting of Stockholders (the "2016 Proxy Statement") are incorporated in this Item 10 by reference:

• "The Nominees" under "Proposal 1. Election of Directors," which identifies our directors and nominees for our Board of Directors.

• "Other Information-Section 16(a) Beneficial Ownership Reporting Compliance."

• "Corporate Governance-Other Corporate Governance Policies and Practices-Code of Conduct," which describes our Code of Conduct.

• "Corporate Governance-Stockholder Rights," "Proposal 1. Election of Directors," "Other Information-Stockholder Director Nominees for Inclusion in Next Year's Proxy Statement," and "Other Information-Stockholder Director Nominees Not Included in Next Year's Proxy Statement," which describe the procedures by which stockholders may nominate candidates for election to our Board of Directors.

• "Corporate Governance-Board Committees-Audit Committee," which identifies members of the Audit Committee of our Board of Directors and audit committee financial experts.

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

ITEM 11. EXECUTIVE COMPENSATION

The information in the sections of the 2016 Proxy Statement captioned "Compensation Discussion and Analysis," "Compensation Tables," "Director Compensation" and "Corporate Governance - Compensation Committee Interlocks and Insider Participation" is incorporated in this Item 11 by reference.

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

The information in the sections of the 2016 Proxy Statement captioned "Equity Compensation Plan Information" under "Proposal 4. Reapproval of Performance Goals Under the 2011 Equity Participation Plan" and "Other Information - Security Ownership Information" is incorporated in this Item 12 by reference.

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

The information in the sections of the 2016 Proxy Statement captioned "Other Information - Transactions with Related Persons" and "Corporate Governance - Director Independence" is incorporated in this Item 13 by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information in the sections of the 2016 Proxy Statement captioned "Principal Accounting Firm Fees" and "Audit Committee Approval of Audit and Non-Audit Services" under "Proposal 2. Ratification of Auditors" is incorporated in this Item 14 by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report.

1. Financial statements.

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

2. Financial statement schedules.

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

• Report of Independent Registered Public Accounting Firm  
Schedule for Kimberly-Clark Corporation and Subsidiaries:

• Schedule II Valuation and Qualifying Accounts

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

3. Exhibits

- Exhibit No. (2)a. Distribution Agreement, dated October 31, 2014, between Halyard Health, Inc. and the Corporation, incorporated by reference to Exhibit No. 2.1 of the Corporation's Current Report on Form 8-K dated October 31, 2014.
- Exhibit No. (2)b. Definitive Purchase Agreement, dated as of February 23, 2015, by and among the Corporation, The Prudential Insurance Company of America, Prudential Financial, Inc., and State Street Bank and Trust Company, as Independent Fiduciary of the Kimberly-Clark Corporation Pension Plan, incorporated by reference to Exhibit No. (2)b of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.\*\*  
Definitive Purchase Agreement, dated as of February 23, 2015, by and among the Corporation, Massachusetts Mutual Life Insurance Company, and State Street Bank and Trust Company, as Independent Fiduciary of the Kimberly-Clark Corporation Pension Plan, incorporated by reference to Exhibit No. (2)c of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.\*\*
- Exhibit No. (2)c. 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)a. 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. (3)b. 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. (4). Management Achievement Award Program, as amended and restated November 13, 2008, incorporated by reference to Exhibit No. (10)a of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008.\*
- Exhibit No. (10)a.



- Exhibit No. (10)b. Executive Severance Plan, as amended and restated as of December 31, 2014, incorporated by reference to Exhibit No. (10)b of the Corporation's Current Report on Form 8-K dated September 17, 2014.\*
- Exhibit No. (10)c. Seventh Amended and Restated Deferred Compensation Plan for Directors, effective January 1, 2008, incorporated by reference to Exhibit No. (10)c of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.\*
- Exhibit No. (10)d. Executive Officer Achievement Award Program as amended November 12, 2008, incorporated by reference to Exhibit No. (10)d of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008.\*
- Exhibit No. (10)e. Letter Agreement between the Corporation and Sandra MacQuillan, incorporated by reference to Exhibit No. (10)e of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.\*
- Exhibit No. (10)f. Deferred Compensation Plan, as amended and restated, dated December 31, 2005, incorporated by reference to Exhibit No. (10)f of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2005.\*
- Exhibit No. (10)g. Outside Directors' Stock Compensation Plan, as amended, incorporated by reference to Exhibit No. (10)g of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002.\*
- Exhibit No. (10)h. Supplemental Benefit Plan to the Kimberly-Clark Corporation Pension Plan, as amended and restated effective April 17, 2009, incorporated by reference to Exhibit No. (10)h of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009.\*
- Exhibit No. (10)i. Second Supplemental Benefit Plan to the Kimberly-Clark Corporation Pension Plan, as amended and restated, effective April 17, 2009, incorporated by reference to Exhibit No. (10)i of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009.\*
- Exhibit No. (10)j. Kimberly-Clark Corporation Supplemental Retirement 401(k) and Profit Sharing Plan, as amended and restated, effective January 1, 2010, incorporated by reference to Exhibit No. (10)j of the Corporation's Current Report on Form 8-K dated December 21, 2009.\*
- Exhibit No. (10)k. Letter Agreement between the Corporation and Maria Henry, incorporated by reference to Exhibit No. (10)k of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.\*
- Exhibit No. (10)l. 2011 Outside Directors' Compensation Plan, as amended and restated, effective April 21, 2011, incorporated by reference to Exhibit No. 10.1 of the Corporation's Current Report on Form 8-K dated April 26, 2011.\*
- Exhibit No. (10)m. 2011 Equity Participation Plan, as amended and restated, effective April 21, 2011, incorporated by reference to Exhibit No. 10.2 of the Corporation's Current Report on Form 8-K dated April 26, 2011.\*
- Exhibit No. (10)n. Form of Award Agreements under 2011 Equity Participation Plan for Nonqualified Stock Options and Time-Vested Restricted Stock Units, incorporated by reference to Exhibit No. (10)n of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.\*

Exhibit No. (10)o.	Summary of Outside Directors' Compensation pursuant to the 2011 Outside Directors' Compensation Plan, effective January 1, 2015, incorporated by reference to Exhibit No. (10)o of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2014.
Exhibit No. (10)p.	Severance Pay Plan, amended and restated, effective June 25, 2013, incorporated by reference to Exhibit No. (10)p of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.*
Exhibit No. (10)q.	Form of Award Agreements under 2011 Equity Participation Plan for Performance Restricted Stock Units, incorporated by reference to Exhibit No. (10)n of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.*
Exhibit No. (10)t.	Summary of Financial Counseling Program for Kimberly-Clark Corporation Executives, dated November 12, 2008, incorporated by reference to Exhibit No. (10)t of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008.*
Exhibit No. (10)v.	Tax Matters Agreement, dated October 31, 2014, between Halyard Health, Inc. and the Corporation, incorporated by reference to Exhibit No. 10.1 of the Corporation's Current Report on Form 8-K dated October 31, 2014.
Exhibit No. (12).	Computation of ratio of earnings to fixed charges for the five years ended December 31, 2015, filed herewith.
Exhibit No. (21).	Subsidiaries of the Corporation, filed herewith.
Exhibit No. (23).	Consent of Independent Registered Public Accounting Firm, filed herewith.
Exhibit No. (24).	Powers of Attorney, filed herewith.
Exhibit No. (31)a.	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith.
Exhibit No. (31)b.	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.
Exhibit No. (32)a.	Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.
Exhibit No. (32)b.	Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.
Exhibit No. (101).INS	XBRL Instance Document
Exhibit No. (101).SCH	XBRL Taxonomy Extension Schema Document
Exhibit No. (101).CAL	XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit No. (101).DEF XBRL Taxonomy Extension Definition Linkbase Document

Exhibit No. (101).LAB XBRL Taxonomy Extension Label Linkbase Document

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

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

Pursuant to a request for confidential treatment, which has been granted, portions of this exhibit have been redacted from the publicly filed document and have been furnished separately to the Securities and Exchange

\*\* Commission as required by Rule 24b-2 under the Securities Exchange Act of 1934. Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission on request.

SIGNATURES

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

KIMBERLY-CLARK CORPORATION

February 11, 2016

By: /s/ Maria Henry  
Maria Henry  
Senior Vice President and  
Chief Financial Officer

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

/s/ Thomas J. Falk Thomas J. Falk	Chairman of the Board and Chief Executive Officer and Director (principal executive officer)	February 11, 2016
/s/ Maria Henry Maria Henry	Senior Vice President and Chief Financial Officer (principal financial officer)	February 11, 2016
/s/ Michael T. Azbell Michael T. Azbell	Vice President and Controller (principal accounting officer)	February 11, 2016

Directors

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

By: /s/ Thomas J. Mielke  
Thomas J. Mielke  
Attorney-in-Fact  
February 11, 2016

## KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

## SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS  
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013  
(Millions of dollars)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts <sup>(a)</sup>	Deductions Write-Offs and Reclassifications	Balance at End of Period
December 31, 2015					
Allowances deducted from assets to which they apply					
Allowance for doubtful accounts	\$50	\$12	\$ (10 )	\$ 2	(b) \$50
Allowances for sales discounts	16	256	(1 )	256	(c) 15
December 31, 2014					
Allowances deducted from assets to which they apply					
Allowance for doubtful accounts	\$51	\$13	\$ (7 )	\$ 7	(b) \$50
Allowances for sales discounts	20	265	(1 )	268	(c) 16
December 31, 2013					
Allowances deducted from assets to which they apply					
Allowance for doubtful accounts	\$60	\$—	\$ (4 )	\$ 5	(b) \$51
Allowances for sales discounts	20	275	(1 )	274	(c) 20

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

<sup>(b)</sup> Primarily uncollectible receivables written off.

<sup>(c)</sup> Sales discounts allowed.

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts	Deductions <sup>(a)</sup>	Balance at End of Period
December 31, 2015					
Deferred taxes					
Valuation allowance	\$215	\$78	\$—	\$ 19	\$274
December 31, 2014					
Deferred taxes					
Valuation allowance	\$197	\$30	\$—	\$ 12	\$215
December 31, 2013					
Deferred taxes					
Valuation allowance	\$215	\$ (11 )	\$—	\$ 7	\$197

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