

KIMBERLY CLARK CORP  
Form DEF 14A  
February 27, 2017

**Table of Contents**

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant    
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Kimberly-Clark Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: KIMBERLY CLARK CORP - Form DEF 14A

- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
-

**Table of Contents**

**Proxy Statement  
For 2017 Annual Meeting of Stockholders**

**Table of Contents**

February 27, 2017

**Thomas J. Falk**

Chairman of the Board and  
Chief Executive Officer

FELLOW STOCKHOLDERS:

It is my pleasure to invite you to the Annual Meeting of Stockholders of Kimberly-Clark Corporation. The meeting will be held on Thursday, April 20, 2017, at 9:30 a.m. at the Four Seasons Resort and Club, which is located at 4150 North MacArthur Boulevard, Irving, Texas.

At the Annual Meeting, stockholders will be asked to elect thirteen directors for a one-year term, ratify the selection of Kimberly-Clark's independent auditors, approve the compensation for our named executive officers, and approve the frequency of future stockholder votes on our named executive officers' compensation. These matters are fully described in the accompanying Notice of Annual Meeting and proxy statement.

**Your vote is important.** Regardless of whether you plan to attend the meeting, I urge you to vote your shares as soon as possible. You may vote using the proxy form by completing, signing, and dating it, then returning it by mail. Also, most of our stockholders can submit their vote by telephone or through the Internet. If telephone or Internet voting is available to you, instructions will be included on your proxy form. Additional information about voting your shares is included in the proxy statement.

Sincerely,

2017 Proxy Statement

---

**Table of Contents**

Notice of  
Annual Meeting  
of Stockholders

TO BE HELD  
**April 20, 2017**

AT  
**Four Seasons Resort  
and Club  
4150 North MacArthur  
Boulevard,  
Irving, Texas**

The Annual Meeting of Stockholders of Kimberly-Clark Corporation will be held at the Four Seasons Resort and Club, which is located at 4150 North MacArthur Boulevard, Irving, Texas, on Thursday, April 20, 2017, at 9:30 a.m. for the following purposes:

1. To elect as directors the thirteen nominees named in the accompanying proxy statement;
2. To ratify the selection of Deloitte & Touche LLP as our independent auditors for 2017;
3. To approve the compensation for our named executive officers in an advisory vote; and
4. To approve the frequency of future stockholder votes on our named executive officers' compensation in an advisory vote.

Stockholders also will take action upon any other business that may properly come before the meeting.

Stockholders of record at the close of business on February 21, 2017 are entitled to notice of and to vote at the meeting or any adjournments.

It is important that your shares be represented at the meeting. I urge you to vote promptly by using the Internet or telephone or by signing, dating and returning your proxy form.

The accompanying proxy statement also is being used to solicit voting instructions for shares of Kimberly-Clark common stock that are held by the trustees of our employee benefit and stock purchase plans for the benefit of the participants in the plans. It is important that participants in the plans indicate their preferences by using the Internet or telephone or by signing, dating and returning the voting instruction card, which is enclosed with the proxy statement, in the business reply envelope provided.

To attend in person, please register by following the instructions on page 10.

February 27, 2017

Edgar Filing: KIMBERLY CLARK CORP - Form DEF 14A

By Order of the Board of Directors.

Jeffrey P. Melucci  
Vice President  
Senior Deputy General Counsel  
and Corporate Secretary

**Important Notice Regarding the Availability of Proxy Materials for the  
Stockholder Meeting to be Held on April 20, 2017**

**The Proxy Statement and proxy card, as well as our Annual Report on  
Form 10-K for the year ended December 31, 2016, are available at  
<http://www.kimberly-clark.com/investors>.**

**Table of Contents**

Table of Contents

|                  |  |
|------------------|--|
| <b><u>4</u></b>  | <b><u>Proxy Summary</u></b>  |
| <b><u>8</u></b>  | <b><u>Information About Our Annual Meeting</u></b>                 |
| <u>8</u>         | <u>How We Provide Proxy Materials</u>                              |
| <u>8</u>         | <u>Who May Vote</u>  |
| <u>8</u>         | <u>How To Vote</u>   |
| <u>9</u>         | <u>How to Revoke or Change Your Vote</u>                           |
| <u>9</u>         | <u>Votes Required</u>  |
| <u>9</u>         | <u>How Abstentions will be Counted</u>                             |
| <u>10</u>        | <u>Effect of Not Instructing Your Broker</u>                       |
| <u>10</u>        | <u>Direct Stock Purchase and Dividend Reinvestment Plan</u>        |
| <u>10</u>        | <u>Employee Benefit Plans</u>                                      |
| <u>10</u>        | <u>Attending the Annual Meeting</u>                                |
| <u>10</u>        | <u>Costs of Solicitation</u>                                       |
| <b><u>11</u></b> | <b><u>Corporate Governance</u></b>                                 |
| <u>11</u>        | <u>Board Leadership Structure</u>                                  |
| <u>12</u>        | <u>Director Independence</u>                                       |
| <u>12</u>        | <u>Board Meetings</u>  |
| <u>13</u>        | <u>Board Committees</u>  |
| <u>17</u>        | <u>Compensation Committee Interlocks and Insider Participation</u> |
| <u>17</u>        | <u>Stockholder Rights</u>  |
| <u>18</u>        | <u>Communicating With Directors; Stockholder Engagement Policy</u> |
| <u>18</u>        | <u>Investor Outreach</u>   |
| <u>18</u>        | <u>Sustainability</u>  |
| <u>19</u>        | <u>Other Corporate Governance Policies and Practices</u>           |
| <b><u>21</u></b> | <b><u>Proposal 1. Election of Directors</u></b>                    |
| <u>21</u>        | <u>Process for Director Elections</u>                              |
| <u>21</u>        | <u>Process and Criteria for Nominating Directors</u>               |
| <u>23</u>        | <u>Committee Review of Attributes of Current Directors</u>         |
| <u>23</u>        | <u>Diversity of Directors</u>                                      |
| <u>23</u>        | <u>The Nominees</u>  |
| <u>30</u>        | <u>Director Compensation</u>                                       |
| <u>31</u>        | <u>2016 Outside Director Compensation</u>                          |

**Table of Contents**

|                  |   |
|------------------|---|
| <b><u>34</u></b> | <b><u>Proposal 2. Ratification of Auditors</u></b>  |
| <u>35</u>        | <u>Principal Accounting Firm Fees</u>   |
| <u>35</u>        | <u>Audit Committee Approval of Audit and Non-Audit Services</u>   |
| <u>36</u>        | <u>Audit Committee Report</u>   |
| <br>             |   |
| <b><u>37</u></b> | <b><u>Proposal 3. Advisory Vote to Approve Named Executive Officer Compensation</u></b>                     |
| <br>             |   |
| <b><u>38</u></b> | <b><u>Compensation Discussion and Analysis</u></b>  |
| <u>38</u>        | <u>2016 Compensation Highlights</u>   |
| <u>41</u>        | <u>Executive Compensation Objectives and Policies</u>   |
| <u>43</u>        | <u>Components of Our Executive Compensation Program</u>   |
| <u>44</u>        | <u>Setting Annual Compensation</u>  |
| <u>46</u>        | <u>Executive Compensation for 2016</u>  |
| <u>55</u>        | <u>Benefits and Other Compensation</u>  |
| <u>56</u>        | <u>Executive Compensation for 2017</u>  |
| <u>59</u>        | <u>Additional Information About Our Compensation Practices</u>  |
| <u>62</u>        | <u>Management Development and Compensation Committee Report</u>   |
| <u>63</u>        | <u>Analysis of Compensation-Related Risks</u>   |
| <br>             |   |
| <b><u>64</u></b> | <b><u>Compensation Tables</u></b>   |
| <u>64</u>        | <u>Summary Compensation</u>   |
| <u>68</u>        | <u>Grants of Plan-Based Awards</u>  |
| <u>69</u>        | <u>Discussion of Summary Compensation and Plan-Based Awards Tables</u>                                      |
| <u>70</u>        | <u>Outstanding Equity Awards</u>  |
| <u>72</u>        | <u>Option Exercises and Stock Vested</u>  |
| <u>72</u>        | <u>Pension Benefits</u>   |
| <u>75</u>        | <u>Nonqualified Deferred Compensation</u>   |
| <u>78</u>        | <u>Potential Payments on Termination or Change of Control</u>   |
| <u>84</u>        | <u>Equity Compensation Plan Information</u>   |
| <br>             |   |
| <br>             |   |
| <b><u>85</u></b> | <b><u>Proposal 4. Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation</u></b> |
| <br>             |   |
| <b><u>86</u></b> | <b><u>Other Information</u></b>   |
| <u>86</u>        | <u>Security Ownership Information</u>   |
| <u>88</u>        | <u>Section 16(a) Beneficial Ownership Reporting Compliance</u>  |
| <u>88</u>        | <u>Transactions with Related Persons</u>  |
| <u>89</u>        | <u>Stockholders Sharing the Same Household</u>  |
| <u>89</u>        | <u>Stockholder Proposals for Inclusion in Next Year's Proxy Statement</u>                                   |
| <u>89</u>        | <u>Stockholder Director Nominees for Inclusion in Next Year's Proxy Statement</u>                           |
| <u>90</u>        | <u>Stockholder Director Nominees Not Included in Next Year's Proxy Statement</u>                            |
| <u>90</u>        | <u>Other Stockholder Proposals Not Included in Next Year's Proxy Statement</u>                              |
| <br>             |   |
| <b><u>91</u></b> | <b><u>Other Matters to be Presented at the Annual Meeting</u></b>   |



**Table of Contents****Proxy Summary**

*This section contains only selected information. Stockholders should review the entire Proxy Statement before casting their votes.*

**Matters for Stockholder Voting**

| Proposal                        | Description   | Board voting recommendation |
|---------------------------------|---|-----------------------------|
| 1 Election of directors         | Election of 13 directors to serve for a one-year term   | FOR all nominees            |
| 2 Ratification of auditors      | Approval of the Audit Committee's selection of Deloitte & Touche LLP as Kimberly-Clark's independent auditor for 2017 | FOR                         |
| 3 Say-on-pay                    | Advisory approval of our named executive officers' compensation   | FOR                         |
| 4 Frequency of say-on-pay votes | Advisory approval of the frequency of future stockholder votes on our named executive officers' compensation          | ONE YEAR                    |

**2016 Performance and Compensation Highlights**

The Management Development and Compensation Committee of our Board concluded that Kimberly-Clark's management delivered financial performance in 2016 that was slightly above target from an overall perspective, as reflected in the financial metrics of our annual incentive program.

| Performance Measures       | 2016 Results    | 2016 Target     |
|----------------------------|-----------------|-----------------|
| Net sales                  | \$18.20 billion | \$18.20 billion |
| Adjusted EPS               | \$6.03          | \$6.05          |
| Adjusted OPROS improvement | +110 bps        | +70 bps         |

*Adjusted EPS is adjusted earnings per share and Adjusted OPROS is adjusted operating profit return on sales. For details on how these measures are adjusted, see Compensation Discussion and Analysis - Executive Compensation for 2016, 2016 Performance Goals, Performance Assessments and Payouts.*

Based on this performance, the Committee approved annual cash incentives for 2016 slightly above the target amount, including an annual incentive payout for our Chief Executive Officer of 109 percent.

The chart at left shows the Total Shareholder Return for Kimberly-Clark, our Executive Compensation Peer Group (taken as a whole) and the S&P 500 for the previous five years, which reflects the value returned to our stockholders.

**Table of Contents**

**Proxy Summary**

**Corporate Governance**

In 2016, we took the following new governance actions:

added Christa S. Quarles, Chief Executive Officer of OpenTable, to our Board of Directors,

elected Michael D. Hsu to the role of President and Chief Operating Officer as part of a long-term succession planning process, and appointed Mr. Hsu to our Board of Directors,

adopted outside board service limits providing that our non-employee directors may not serve on more than five public company boards (including Kimberly-Clark's board) and members of our Audit Committee may not serve on the audit committees of more than three public companies (including Kimberly-Clark's), and

adopted a board succession planning policy which formalizes the Board's commitment to reviewing the composition of the Board and refreshing the Board as appropriate.

The Corporate Governance section beginning on page 11 describes our governance framework, which includes the following:

**Our Corporate Governance Profile**

|   |   |
|---|---|
| Independent Lead Director                             | Stockholders Have Right to Call Special Meetings                            |
| Independent Board Committees                          | Proxy Access Rights   |
| Annual Board and Committee Evaluations                | Stockholder Engagement Policy and Robust Outreach Program                   |
| Annually Elected Directors                            | Anti-Hedging and Pledging Policy  |
| Independent Directors Meet Without Management Present | Stock Ownership Guidelines for Directors and Executive Officers             |
|   | Outside Director Restricted Stock Unit Awards Not Paid Out Until Retirement |
| Robust Succession Planning and Risk Oversight         | Code of Conduct for Directors, Officers and Employees                       |
| Majority Voting in Director Elections                 |   |

**Table of Contents****Proxy Summary****Our Board Nominees**

Listed below are Kimberly-Clark's Board nominees. We believe they collectively possess the necessary experience and attributes to effectively guide our company and reflect the diversity of our global consumers.

| <b>Name</b><br><b>Main Occupation</b>   | <b>Committee</b><br><b>Roles*</b> | <b>Independent</b>           | <b>Experience Highlights</b>  |
|---|-----------------------------------|------------------------------|---|
| <b>Thomas J. Falk</b><br>Chairman of the Board<br>and CEO<br>Kimberly-Clark Corporation | EC                                |                              | Meets NYSE financial literacy requirements; background in accounting<br>Leadership experience as a CEO<br>Industry knowledge<br>International experience  |
| <b>John F. Bergstrom</b><br>Chairman and CEO<br>Bergstrom Corporation                   | AC                                |                              | Marketing, compensation, governance, and public company board experience<br>Audit Committee Financial Expert<br>Leadership experience as a CEO<br>Provides diversity of background/viewpoint<br>Marketing, compensation, governance and public company board experience   |
| <b>Abelardo E. Bru</b><br>Retired Vice Chairman<br>PepsiCo, Inc.                        | MDCC<br>(Chair)<br>EC             |                              | Meets NYSE financial literacy requirements<br>Leadership experience as a CEO<br>Industry knowledge<br>International experience<br>Provides diversity of background/viewpoint  |
| <b>Robert W. Decherd</b><br>Retired Vice Chairman<br>A.H. Belo Corporation              | AC                                |                              | Marketing, compensation, governance and public company board experience<br>Audit Committee Financial Expert<br>Leadership experience as a CEO<br>Provides diversity of background/viewpoint<br>Marketing, compensation, governance and public company board experience    |
| <b>Fabian T. Garcia</b><br>President and CEO<br>Revlon, Inc.                            | MDCC<br>NCGC                      |                              | Meets NYSE financial literacy requirements<br>Leadership experience as a CEO<br>Industry knowledge<br>International experience<br>Provides diversity of background/viewpoint<br>Marketing, compensation, governance and public company board experience                   |
| <b>Michael D. Hsu</b><br>President and COO<br>Kimberly-Clark Corporation                |                                   |                              | Meets NYSE financial literacy requirements<br>Operational leadership experience as a group president of a major business unit<br>Industry knowledge<br>Provides diversity of background/viewpoint<br>Marketing experience   |
| <b>Mae C. Jemison, M.D.</b><br>President<br>The Jemison Group                           | MDCC<br>NCGC                      |                              | Meets NYSE financial literacy requirements<br>Leadership experience with start-ups and non-profits<br>International experience<br>Provides diversity of background/viewpoint  |
| <b>James M. Jenness</b><br>Retired Chairman of the Board and CEO<br>Kellogg Company     | EC (Chair)                        | Independent<br>Lead Director | Compensation, governance and public company board experience<br>Meets NYSE financial literacy requirements<br>Leadership experience as a CEO<br>Industry knowledge<br>International experience<br>Marketing, compensation, governance and public company board experience |

**Table of Contents****Proxy Summary**

| <b>Name</b>   | <b>Committee Roles*</b> | <b>Independent</b> | <b>Experience Highlights</b>   |
|---|-------------------------|--------------------|--|
| <b>Nancy J. Karch</b><br>Retired Director<br>McKinsey & Co.                 | NCGC<br>(Chair)<br>EC   |                    | Meets NYSE financial literacy requirements; background in finance<br>Leadership experience as a Senior Executive<br>Industry knowledge<br>Provides diversity of background/viewpoint<br>Compensation, governance and public company board experience<br>Audit Committee Financial Expert |
| <b>Christa S. Quarles</b><br>CEO<br>OpenTable, Inc.                         | AC                      |                    | Leadership experience as a CEO<br>Provides diversity of background/viewpoint<br>Digital marketing and e-commerce experience<br>Audit Committee Financial Expert  |
| <b>Ian C. Read</b><br>Chairman of the Board and<br>CEO<br>Pfizer, Inc.      | AC (Chair)<br>EC        |                    | Leadership experience as a CEO<br>International experience<br>Provides diversity of background/viewpoint<br>Marketing, compensation, governance and public company board experience<br>Audit Committee Financial Expert  |
| <b>Marc J. Shapiro</b><br>Retired Vice Chairman,<br>JPMorgan Chase & Co.    | MDCC<br>NCGC            |                    | Meets NYSE financial literacy requirements; background in banking/finance<br>Leadership experience as a CEO<br>Provides diversity of background/viewpoint<br>Compensation, governance and public company board experience<br>Audit Committee Financial Expert                            |
| <b>Michael D. White</b><br>Former Chairman,<br>President and CEO<br>DIRECTV | AC                      |                    | Leadership experience as a CEO<br>Provides diversity of background/viewpoint<br>Marketing, compensation, governance and public company board experience<br>Digital marketing and e-commerce experience<br>Audit Committee Financial Expert   |

\* AC Audit Committee

\* EC Executive Committee

\* MDCC Management Development and Compensation Committee

\* NCGC Nominating and Corporate Governance Committee

## **Table of Contents**

### **Information About Our Annual Meeting**

On behalf of the Board of Directors of Kimberly-Clark Corporation, we are soliciting your proxy for use at the 2017 Annual Meeting of Stockholders, to be held on April 20, 2017, at 9:30 a.m. at the Four Seasons Resort and Club, which is located at 4150 North MacArthur Boulevard, Irving, Texas.

### **How We Provide Proxy Materials**

We began providing our proxy statement and form of proxy to stockholders on February 27, 2017.

As Securities and Exchange Commission ( SEC ) rules permit, we are making our proxy statement and our annual report available to many of our stockholders via the Internet rather than by mail. This reduces printing and delivery costs and supports our sustainability efforts. You may have received in the mail a Notice of Electronic Availability explaining how to access this proxy statement and our annual report on the Internet and how to vote online. If you received this Notice but would like to receive a paper copy of the proxy materials, you should follow the instructions contained in the notice for requesting these materials.

### **Who May Vote**

If you were a stockholder of record at the close of business on the record date of February 21, 2017, you are eligible to vote at the meeting. Each share that you own entitles you to one vote.

As of the record date, 355,750,882 shares of our common stock were outstanding.

### **How To Vote**

You may vote in person by attending the meeting, by using the Internet or telephone, or (if you received printed proxy materials) by completing and returning a proxy form by mail. If telephone or Internet voting is available to you, see the instructions on the notice of electronic availability or the proxy form and have the notice or proxy form available when you access the Internet website or place your telephone call. To vote your proxy by mail, mark your vote on the proxy form, then follow the instructions on the card.

Please note that if you received a notice of electronic availability as described above, you cannot vote your shares by filling out and returning the notice. Instead, you should follow the instructions contained in the notice on how to vote by using the Internet or telephone.

## **Table of Contents**

### **Information About Our Annual Meeting** How Abstentions will be Counted

The named proxies will vote your shares according to your directions. The voting results will be certified by independent Inspectors of Election.

If you sign and return your proxy form, or if you vote using the Internet or by telephone, but you do not specify how you want to vote your shares, the named proxies will vote your shares as follows:

FOR the election of directors named in this proxy statement

FOR ratification of the selection of our independent auditors

FOR approval of the compensation of our named executive officers

FOR the option of every one year as the frequency with which stockholders are provided future advisory votes on the compensation of our named executive officers

## **How To Revoke or Change Your Vote**

There are several ways to revoke or change your vote:

Mail a revised proxy form to the Corporate Secretary of Kimberly-Clark (the form must be received before the meeting starts). Use the following address: 351 Phelps Drive, Irving, TX 75038

Use the Internet voting website

Use the telephone voting procedures

Attend the meeting and vote in person

## **Votes Required**

There must be a quorum to conduct business at the Annual Meeting, which is established by having a majority of the shares of our common stock present in person or represented by proxy.

*Election of Directors.* A director nominee will be elected if he or she receives a majority of the votes cast at the meeting in person or by proxy. If any nominee does not receive a majority of the votes cast, then that nominee will be subject to the Board's policy regarding resignations by directors who do not receive a majority of for votes.

*Say on Frequency.* The option receiving the greatest number of votes will be considered the frequency recommended by the stockholders for future say-on-pay votes.

*Other Proposals or Matters.* Approval requires the affirmative vote of a majority of shares that are present at the Annual Meeting in person or by proxy and are entitled to vote on the proposal or matter.

**How  
Abstentions  
will be  
Counted**

*Election of Directors.* Abstentions will have no impact on the outcome of the vote. They will not be counted for the purpose of determining the number of votes cast or as votes for or against a nominee.

*Other Proposals.* Abstentions will be counted:

as present in determining whether we have a quorum

in determining the total number of shares entitled to vote on a proposal

as votes against a proposal, except for abstentions on Proposal 4, which will have no impact on the outcome of the vote

## **Table of Contents**

### **Information About Our Annual Meeting** Costs of Solicitation

#### **Effect of Not Instructing Your Broker**

*Routine Matters.* If your shares are held through a broker and you do not instruct the broker on how to vote your shares, your broker may choose to leave your shares unvoted or to vote your shares on routine matters. Proposal 2. Ratification of Auditors is the only routine matter on the agenda at this year's Annual Meeting.

*Non-Routine Matters.* Without instructions, your broker cannot vote your shares on non-routine matters, resulting in what are known as broker non-votes. Broker non-votes will not be considered present or entitled to vote on non-routine matters and will also not be counted for the purpose of determining the number of votes cast on these proposals.

#### **Direct Stock Purchase and Dividend Reinvestment Plan**

If you participate in our Direct Stock Purchase and Dividend Reinvestment Plan, you will receive a proxy form that represents the number of full shares in your plan account plus any other shares registered in your name. There are no special instructions for voting shares held in the plan; simply use the normal voting methods described in this proxy statement.

#### **Employee Benefit Plans**

We are also sending or otherwise making this proxy statement and voting materials available to participants who hold Kimberly-Clark stock through any of our employee benefit and stock purchase plans. The trustee of each plan will vote whole shares of stock attributable to each participant's interest in the plans in accordance with the participant's directions. If a participant gives no directions, the plan committee will direct the voting of his or her shares.

#### **Attending the Annual Meeting**

If you are eligible to vote, you or a duly appointed representative may attend the Annual Meeting in person. If you do plan to attend, we ask that you inform us electronically, by telephone, or by checking the appropriate box on your proxy form. This will assist us with meeting preparations and help to expedite your admittance.

If your shares are not registered in your own name and you would like to attend the meeting, please ask the broker, trust, bank or other nominee that holds your shares to provide you with written proof of your share ownership as of the record date. This will enable you to gain admission to the meeting.

If you need directions to the meeting, please contact Stockholder Services by telephone at (972) 281-5317 or by e-mail at [stockholders@kcc.com](mailto:stockholders@kcc.com).



**Costs of  
Solicitation**

Kimberly-Clark will bear all costs of this proxy solicitation, including the cost of preparing, printing and delivering materials, the cost of the proxy solicitation and the expenses of brokers, fiduciaries and other nominees who forward proxy materials to stockholders. In addition to mail and electronic means, our employees may solicit proxies by telephone or otherwise. We have retained D. F. King & Co., Inc. to aid in the solicitation at a cost of approximately \$20,000 plus reimbursement of out-of-pocket expenses.

## **Table of Contents**

### Corporate Governance

Our governance structure and processes are based on a number of important governance documents including our Code of Conduct, Certificate of Incorporation, Corporate By-Laws, Corporate Governance Policies and our Board Committee Charters. These documents, which are available in the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com), guide the Board and our management in the execution of their responsibilities.

Kimberly-Clark believes that there is a direct connection between good corporate governance and long-term, sustained business success, and we believe it is important to uphold sound governance practices. As such, the Board reviews its governance practices and documents on an ongoing basis, considering changing regulatory requirements, governance trends, and issues raised by our stockholders. After careful evaluation, we may periodically make changes to maintain or enhance current governance practices and promote stockholder value.

### **Board Leadership Structure**

The Board has established a leadership structure that allocates responsibilities between our Chairman of the Board and Chief Executive Officer (CEO) and our Lead Director. The Board believes that this allocation provides for dynamic Board leadership while maintaining strong independence and oversight.

Consistent with this leadership structure, at least once a quarter our Lead Director, who is an independent director, chairs executive sessions of our non-management directors. Members of the company's senior management team do not attend these sessions.

#### **Chairman and Chief Executive Officer Positions**

The Board's current view is that a combined Chairman and CEO position, coupled with a predominantly independent board and a proactive, independent Lead Director, promotes candid discourse and responsible corporate governance. Mr. Falk serves as Chairman of the Board and CEO. The Board believes Mr. Falk's thirty years of operational and management experience at Kimberly-Clark has demonstrated the leadership and vision necessary to lead the Board and Kimberly-Clark. Accordingly, Mr. Falk continues to serve in this combined role at the pleasure of the Board without an employment contract.

#### **Lead Director**

Mr. Jenness served as independent Lead Director in 2016. Our Corporate Governance Policies outline the significant role and responsibilities of the Lead Director, which include:

- Chairing the Executive Committee

- Chairing executive sessions at which non-management directors meet outside management's presence, and providing feedback from such sessions to the Chief Executive Officer

- Coordinating the activities of the Independent Directors



## **Table of Contents**

### **Corporate Governance Board Meetings**

Providing input on and approving the agendas and schedules for Board meetings

Leading (with the Chairman of the Nominating and Corporate Governance Committee) the annual Board evaluation

Leading (with the Chairman of the Management Development and Compensation Committee) the Board's review and discussion of the Chief Executive Officer's performance

Providing feedback to individual directors following their periodic evaluations

Speaking on behalf of the Board and chairing Board meetings when the Chairman of the Board is unable to do so

Acting as a direct conduit to the Board for stockholders, employees and others according to the Board's policies

## **Director Independence**

Our By-Laws provide that a majority of our directors must be independent ( Independent Directors ). We believe our independent board helps ensure good corporate governance and strong internal controls.

Our Corporate Governance Policies, as adopted by the Board, provide independence standards consistent with the rules and regulations of the SEC and the listing standards of the New York Stock Exchange ( NYSE ). Our independence standards can be found in Section 7 of our Corporate Governance Policies.

The Board has determined that all directors and nominees, except for Thomas J. Falk and Michael D. Hsu, are Independent Directors and meet the independence standards in our Corporate Governance Policies. In making these determinations, the Board considered the following:

Companies majority-owned by Mr. Bergstrom paid us approximately \$57,000 in 2014, 2015 and 2016 to lease excess hangar space at an airport near Appleton, Wisconsin and approximately \$200,000 in 2014, \$205,000 in 2015 and \$326,000 in 2016 for pilot services pursuant to a pilot sharing contract. In addition, these companies paid us approximately \$197,000 in 2014, \$201,000 in 2015 and \$204,000 in 2016 for scheduling and aircraft services for their airplane.

We paid approximately \$78,600 in 2014, \$8,000 in 2015 and \$4,500 in 2016 for automobiles and related services to car dealerships in the Neenah, Wisconsin area that are majority-owned by Mr. Bergstrom.

The NYSE listing standards and our own Corporate Governance Policies establish certain levels at which transactions are considered to have the potential to affect a director's independence. The transactions listed above all fall below these levels. Under our Corporate Governance Policies, certain relationships were considered immaterial and therefore were not considered by the Board in determining independence.

## **Board Meetings**

The Board of Directors met six times in 2016. All of the directors attended in excess of 75 percent of the total number of meetings of the Board and the committees on which they served.

All of our directors are encouraged to attend our annual meeting of stockholders. All of our directors attended the 2016 Annual Meeting.



## **Table of Contents**

### **Corporate Governance Board Committees**

#### **Board Committees**

The standing committees of the Board include the Audit Committee, Management Development and Compensation Committee, Nominating and Corporate Governance Committee, and Executive Committee. In compliance with applicable NYSE corporate governance listing standards, the Board has adopted charters for all Committees except the Executive Committee.

Our Committee charters are available in the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com).

As set forth in our Corporate Governance Policies, the Audit, Management Development and Compensation, and Nominating and Corporate Governance Committees all have the authority to retain independent advisors and consultants, with all costs paid by Kimberly-Clark.

#### **Audit Committee**

Chairman: Ian C. Read

Other members: John F. Bergstrom, Robert W. Decherd, Christa S. Quarles and Michael D. White

The Board has determined that each Audit Committee member is an audit committee financial expert under SEC rules and regulations. In addition, all Audit Committee members satisfy the NYSE's financial literacy requirements and qualify as Independent Directors under the rules of the SEC and the NYSE, as well as under our Corporate Governance Policies. See Corporate Governance - Director Independence for additional information on Independent Directors.

No member of the Audit Committee serves on the audit committees of more than three public companies and under our Audit Committee Charter no Committee member is permitted to do so.

During 2016 the Committee met eight times.

The Committee's principal functions, as specified in its charter, include:

Overseeing:

the quality and integrity of our financial statements

our compliance programs

our hedging strategies and policies

the independence, qualification and performance of our independent auditors

the performance of our internal auditors

Selecting and engaging our independent auditors, subject to stockholder ratification

Pre-approving all audit and non-audit services that our independent auditors provide

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

Establishing policies for our internal audit programs

Overseeing the company's risk management program (including risks related to data privacy and cybersecurity) and receiving periodic reports from management on risk assessments, the risk management process, and issues related to the risks of managing our business

[Committee Report](#)

For additional information about the Audit Committee's oversight activities in 2016, see [Proposal 2. Ratification of Auditors - Audit Committee Report](#).

## **Table of Contents**

### **Corporate Governance Board Committees**

#### **Management Development and Compensation Committee**

Chairman: Abelardo E. Bru

Other members: Fabian T. Garcia, Mae C. Jemison, M.D. and Marc J. Shapiro

Each member of this Committee is an Independent Director under the rules of the SEC and the NYSE, as well as under our Corporate Governance Policies. The Committee met four times in 2016.

The Committee's principal functions, as specified in its charter, include:

Establishing and administering the policies governing annual compensation and long-term compensation, including stock option awards, restricted stock awards and restricted share unit awards, such that the policies are designed to align compensation with our overall business strategy and performance

Setting, after an evaluation of his overall performance, the compensation level of the Chief Executive Officer

Approving, in consultation with the Chief Executive Officer, compensation levels and performance targets for the senior executive team

Overseeing:

leadership development for senior management and future senior management candidates

a periodic review of our long-term and emergency succession planning for the Chief Executive Officer and other key officer positions, in conjunction with our Board

key organizational effectiveness and engagement policies

Reviewing diversity and inclusion programs and related metrics

Annually reviewing our compensation policies and practices for the purpose of mitigating risks arising from these policies and practices that could reasonably have a material adverse effect

#### **Roles of the Committee and the CEO and COO in Compensation Decisions**

Each year, the Committee reviews and sets the compensation of the officers that are elected by the Board (our elected officers), including our Chief Executive Officer and our other executive officers. The Committee's charter does not permit the Committee to delegate to anyone the authority to establish any compensation policies or programs for elected officers, including our executive officers. With respect to officers that have been appointed to their position (our non-elected officers), our Chief Executive Officer has the authority to establish compensation programs and to approve equity grants. However, only the Committee may make grants to elected officers, including our executive officers.

Our Chief Executive Officer makes a recommendation to the Committee each year on the appropriate target annual compensation for each of the other executive officers. Beginning in 2017, our Chief Operating Officer makes the recommendation for the executive officers who are his direct reports. The Committee makes the final determination of the target annual compensation for each executive officer, including our Chief Executive Officer and Chief Operating Officer. While our Chief Executive Officer and Chief Human Resources Officer, and beginning in 2017, our Chief Operating Officer, typically attend Committee meetings, none of the other executive officers is present during the portion of the Committee's meetings when compensation for executive officers is set. In addition, neither our Chief Executive Officer nor our Chief Operating Officer is present during the portion of the Committee's



meetings when his compensation is set.

## **Table of Contents**

### **Corporate Governance Board Committees**

For additional information on the Committee's processes and procedures for determining executive compensation, and for a detailed discussion of our compensation policies, see Compensation Discussion and Analysis.

#### ***Use of Compensation Consultants***

The Committee's charter authorizes it to retain advisors, including compensation consultants, to assist it in its work. The Committee believes that compensation consultants can provide important market information and perspectives that can help it determine compensation programs that best meet the objectives of our compensation policies. In selecting a consultant, the Committee evaluates the independence of the firm as a whole and of the individual advisors who will be working with the Committee.

*Independent Committee Consultant.* In 2016, the Committee retained Semler Brossy Consulting Group as its independent executive compensation consultant. According to the Committee's written policy, the independent Committee consultant provides services solely to the Committee and not to Kimberly-Clark. Semler Brossy has no other business relationship with Kimberly-Clark and receives no payments from us other than fees for services to the Committee. Semler Brossy reports directly to the Committee, and the Committee may replace it or hire additional consultants at any time. A representative of Semler Brossy attends Committee meetings and communicates with the Chairman of the Committee between meetings from time to time.

The scope of Semler Brossy's engagement in 2016 included:

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

Reviewing and commenting, as requested by the Committee, on recommendations by management and Mercer Human Resource Consulting ( Mercer ) concerning executive compensation programs, including program changes and redesign, special awards, change-of-control provisions, our executive compensation peer group, any executive contract provisions, promotions, retirement and related items

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

Attending Committee meetings

Periodically consulting with the Chairman of the Committee

During 2016, at the request of the Committee, a representative of Semler Brossy attended all Committee meetings.

*Kimberly-Clark Consultant.* To assist management and the Committee in assessing our compensation programs and determining appropriate, competitive compensation for our executive officers, Kimberly-Clark annually engages an outside compensation consultant. In 2016, it retained Mercer for this purpose. Mercer has provided consulting services to Kimberly-Clark on a wide variety of human resources and compensation matters, both at the officer and non-officer levels. During 2016, Mercer provided advice and counsel on various matters relating to executive and director remuneration, including the following services:

Assessing our executive compensation peer group and recommending changes as necessary

Assessing compensation levels within our peer group for executive officer positions and other selected positions

Reviewing historic and projected performance for peer group companies under the metrics we use in our annual and long-term incentive plans

Assisting in incentive plan design and modifications, as requested



**Table of Contents**

**Corporate Governance Board Committees**

Providing market research on various issues as requested by management

Preparing for and participating in Committee meetings, as requested

Reviewing the Compensation Discussion and Analysis section of the proxy statement and other disclosures, as requested

Consulting with management on compensation matters

*Committee Assessment of Consultant Conflicts of Interest.* The Committee has reviewed whether the work provided by Semler Brossy and Mercer represents any conflict of interest. Factors considered by the Committee include: (1) other services provided to Kimberly-Clark by the consultant; (2) what percentage of the consultant's total revenue is made up of fees from Kimberly-Clark; (3) policies or procedures of the consultant that are designed to prevent a conflict of interest; (4) any business or personal relationships between individual consultants involved in the engagement and Committee members; (5) any shares of Kimberly-Clark stock owned by individual consultants involved in the engagement; and (6) any business or personal relationships between our executive officers and the consulting firm or the individual consultants involved in the engagement. Based on its review, the Committee does not believe that any of the compensation consultants that performed services in 2016 has a conflict of interest with respect to the work performed for Kimberly-Clark or the Committee.

**Committee Report**

The Committee has reviewed the Compensation Discussion and Analysis section of this proxy statement and has recommended that it be included in this proxy statement. The Committee's report is located at Compensation Discussion and Analysis Management Development and Compensation Committee Report.

**Nominating and Corporate Governance Committee**

Chairman: Nancy J. Karch

Other Members: Fabian T. Garcia, Mae C. Jemison, M.D. and Marc J. Shapiro

Each member of this Committee is an Independent Director under the rules of the SEC and the NYSE, as well as under our Corporate Governance Policies. The Committee met five times in 2016.

The Committee's principal functions, as specified in its charter, include the following:

Maintaining and reviewing a Board succession plan

Overseeing the process for Board nominations

Advising the Board on:

Board organization, membership, function, performance and compensation

committee structure and membership

policies and positions regarding significant stockholder relations issues

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

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

Monitoring and recommending improvements to the Board's practices and procedures

Reviewing stockholder proposals and considering how to respond to them

Overseeing matters relating to Kimberly-Clark's corporate social responsibility and sustainability activities and providing input to management on these programs and their effectiveness

## **Table of Contents**

### **Corporate Governance** Stockholder Rights

The Committee, in accordance with its charter and our Certificate of Incorporation, has established criteria and processes for director nominations, including those proposed by stockholders. Those criteria and processes are described in Proposal 1. Election of Directors - Process and Criteria for Nominating 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.

#### **Executive Committee**

Chairman: James M. Jenness (Lead Independent Director)

Other Members: Abelardo E. Bru, Thomas J. Falk, Nancy J. Karch and Ian C. Read  
The Committee did not meet in 2016.

The Committee's principal function is to exercise, when necessary between board meetings, the Board's powers to direct our business and affairs.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Management Development and Compensation Committee is a current or former officer or employee of Kimberly-Clark. No interlocking relationship exists between the members of our Board of Directors or the Management Development and Compensation Committee and the board of directors or compensation committee of any other company.

### **Stockholder Rights**

*Proxy Access By-Law.* Eligible stockholders may nominate candidates for election to the Board under our proxy access By-Law. Proxy access candidates will be included in our proxy materials. The proxy access By-Law permits a stockholder, or a group of up to 20 stockholders, owning three percent or more of our outstanding common stock continuously for at least three years to nominate and include in our proxy materials directors constituting up to two individuals or 20 percent of the Board (whichever is greater).

Stockholders who wish to nominate directors under our proxy access By-Law should follow the instructions under Other Information - Stockholder Director Nominees for Inclusion in Next Year's Proxy Statement.

*Special Stockholder Meetings.* Our Certificate of Incorporation allows the holders of 25 percent or more of our issued and outstanding shares of capital stock to request that a special meeting of stockholders be called, subject to procedures and other requirements set forth in our By-Laws.

*Board Policy on Stockholder Rights Plans.* We do not have a poison pill or stockholder rights plan. If we were to adopt a stockholder rights plan, the Board would seek prior stockholder approval of the plan unless, due to timing constraints or other reasons, a majority of Independent Directors of the Board determines that it would be in the best interests of stockholders to adopt a plan before obtaining stockholder approval. If a stockholder rights plan is adopted without prior stockholder approval, the plan must either be ratified by stockholders or must expire, without being renewed or replaced, within one year. The Nominating and Corporate Governance Committee reviews this policy statement periodically and reports to the Board on any recommendations it may have concerning the policy.

*Simple Majority Voting Provisions.* Our Certificate of Incorporation does not include supermajority voting provisions.



## **Table of Contents**

### **Corporate Governance Sustainability**

#### **Communicating with Directors; Stockholder Engagement Policy**

The Board has established a process by which stockholders and other interested parties may communicate with the Board, including the Lead Director. That process can be found in the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com).

Under our stockholder engagement policy, set forth in our Corporate Governance Policies, stockholders who wish to meet directly with members of our Board may send a meeting request to our Lead Director who will consider the request in consultation with the Corporate Secretary. Requests should include information about the requesting party (including the number of shares held), the reason for requesting the meeting and the topics to be discussed.

#### **Investor Outreach**

We conduct extensive meetings with investors throughout the year on corporate governance matters. This ensures that management and the Board understand and consider the issues that matter most to our stockholders and enables the Corporation to address them effectively.

#### **Sustainability**

At Kimberly-Clark, everything we do - from helping people care for their families, to helping our communities and caring for our planet - is connected to our vision to lead the world in essentials for a better life. Our Board has established and approved the framework for our sustainability-related policies and procedures, including environmental stewardship, fiber sourcing, product safety, charitable contributions, human rights, labor, diversity and inclusion in employment. As part of their oversight roles, the Board and the Nominating and Corporate Governance Committee receive regular reports from management on these topics, our goals and our progress toward achieving them.

In 2015, we successfully concluded our five-year sustainability goals and introduced five priorities for the next seven years, reflecting the key social and environmental aspects of our business. These focus areas include social impact, forests and fiber, waste and recycling, energy and climate and responsible supply chain.

These priorities reflect our assessment of sustainability-related risks and opportunities and also inform our public disclosure of sustainability performance. Our management of these focus areas includes processes and systems to mitigate risks and enable compliance with legal requirements and Kimberly-Clark standards. In addition, we have established specific goals in each of the focus areas, including for example, greenhouse gas emissions reduction, diversion of pre- and post-consumer waste from landfills and the prevention of forced labor and deforestation in our supply chain.

Notable sustainability achievements in 2016 include:

Named by CDP (formerly Carbon Disclosure Project) to the Leadership category of companies for Forests, Water, Climate Change, and Supply Chain disclosures

Included in the FTSE4Good Index Series for the 12<sup>th</sup> consecutive year for excellence in environmental, social, and governance performance

Earned an A ranking from MSCI for environmental, social, and governance performance



Named to Forbes' The Just 100: America's Best Corporate Citizens

Won the US Environmental Protection Agency's SmartWay Excellence Award for the 4<sup>th</sup> consecutive year, recognizing demonstrated leadership in freight supply chain energy and environmental performance

Earned a perfect score on the Human Rights Campaign Foundation's Corporate Equality Index, covering corporate policies and practices pertinent to lesbian, gay, bisexual and transgender (LGBT) employees

## **Table of Contents**

### **Corporate Governance** Other Corporate Governance Policies and Practices

To learn more about our sustainability efforts, please view our 2015 Sustainability Report and our 2015 GRI Report in the Sustainability section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com).

## **Other Corporate Governance Policies and Practices**

*Corporate Governance Policies.* The Board of Directors has adopted Corporate Governance Policies which guide Kimberly-Clark and the Board on matters of corporate governance, including: director responsibilities, Board committees and their charters, director independence, director compensation, performance assessments of the Board and individual directors, Board succession planning, director orientation and education, director access to management, Board access to outside financial, business and legal advisors, management development and succession planning, and Board interaction with stockholders. The Board monitors emerging issues and amends these policies from time to time as rules and regulations change and governance practices develop. To see the policies, go to the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com).

*Board and Committee Evaluations.* The Board conducts annual self-evaluations to determine whether it and its committees are functioning effectively and whether its governing documents continue to remain appropriate. Each Board member is periodically evaluated on an individual basis. The process is designed and overseen by our Lead Director and our Nominating and Corporate Governance Committee, and the results of the evaluations are discussed by the full Board.

Each committee annually reviews its own performance and assesses the adequacy of its charter, and reports the results and any recommendations to the Board. The Nominating and Corporate Governance Committee oversees and reports annually to the Board its assessment of each committee's performance evaluation process.

*Board Succession Planning.* Our Nominating and Corporate Governance Committee maintains and reviews a succession plan for the Board, as described in Proposal 1. Election of Directors - Process and Criteria for Nominating Directors *Code of Conduct*. Kimberly-Clark has a Code of Conduct that applies to all of our directors, executive officers and employees, including our Chief Executive Officer, Chief Financial Officer and Vice President and Controller. It is available in the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com). Any amendments to or waivers of our Code of Conduct applicable to our Chief Executive Officer, Chief Financial Officer or Vice President and Controller will also be posted at that location.

*Board and Management Roles in Risk Oversight.* The Board is responsible for providing risk oversight with respect to our operations. In connection with this oversight, the Board particularly focuses on our strategic and operational risks, as well as related risk mitigation. In addition, the Board reviews and oversees management's response to key risks facing Kimberly-Clark.

The Board's committees review particular risk areas to assist the Board in its overall risk oversight of Kimberly-Clark:

The Audit Committee oversees our risk management program, with a particular focus on our internal controls, compliance programs, financial statement integrity and fraud risks, data privacy and cybersecurity, and related risk mitigation. In connection with this oversight, the Audit Committee receives regular reports from management on risk assessments, the risk management process, and issues related to the risks of managing our business. The Audit Committee also receives an annual enterprise risk management update, which describes our key financial, strategic, operational and compliance risks.

The Management Development and Compensation Committee reviews the risk profile of our compensation policies and practices. This process includes a review of an assessment of our compensation programs, as described in Compensation Discussion and Analysis - Analysis of Compensation-Related Risks.



**Table of Contents**

**Corporate Governance** Other Corporate Governance Policies and Practices

The Nominating and Corporate Governance Committee monitors risks relating to governance matters and recommends appropriate actions in response to those risks. In addition, it provides oversight of our Corporate Social Responsibility programs and sustainability activities and receives regular updates on the effectiveness of these programs.

Complementing the Board's overall risk oversight, our senior executive team identifies and monitors key enterprise-wide and business unit risks, providing the basis for the Board's risk review and oversight process. We have a Global Risk Oversight Committee, consisting of management members from core business units and from our finance, treasury, global risk management, compliance and legal functions. This committee identifies significant risks for review and updates our policies for risk management in areas such as hedging, foreign currency and country risks, product liability, property and casualty risks, data privacy and cybersecurity risks, and supplier and customer risks. The Board believes the allocation of risk management responsibilities described above supplements the Board's leadership structure by allocating risk areas to an appropriate committee for oversight, allows for an orderly escalation of issues as necessary, and helps the Board satisfy its risk oversight responsibilities.

*Whistleblower Procedures.* The Audit Committee has established procedures for receiving, recording and addressing any complaints we receive regarding accounting, internal accounting controls or auditing matters, and for the confidential and anonymous submission, by our employees or others, of any concerns about our accounting or auditing practices. We also maintain a toll-free Code of Conduct telephone helpline and a website, each allowing our employees and others to voice their concerns anonymously.

*Chief Compliance Officer.* Our Vice President and Chief Compliance Officer oversees our compliance programs. His duties include: regularly updating the Audit Committee on the effectiveness of our compliance programs, providing periodic reports to the Board, and working closely with our various compliance functions to promote coordination and sharing of best practices across these functions. Our Vice President and Chief Compliance Officer is also a member of our Global Risk Oversight Committee.

*Management Succession Planning.* In conjunction with the Board, the Management Development and Compensation Committee is responsible for periodically reviewing the long-term management development plans and succession plans for the Chief Executive Officer and other key officers, as well as the emergency succession plan for the Chief Executive Officer and other key officers if any of these officers unexpectedly becomes unable to perform his or her duties.

*Disclosure Committee.* We have established a Disclosure Committee to assist in fulfilling our obligations to maintain disclosure controls and procedures and to coordinate and oversee the process of preparing our periodic securities filings with the SEC. This committee is composed of members of management and is chaired by our Vice President and Controller.

*No Executive Loans.* We do not extend loans to our executive officers or directors and therefore do not have any such loans outstanding.

*Charitable Contributions.* The Nominating and Corporate Governance Committee has adopted guidelines for the review and approval of charitable contributions by Kimberly-Clark (or any foundation under the common control of Kimberly-Clark) to organizations or entities with which a director or an executive officer may be affiliated. We will disclose in the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com) any contributions made by us to a tax-exempt organization under the following circumstances:

An Independent Director serves as an executive officer of the tax-exempt organization; and

If within the preceding three years, contributions in any single year from Kimberly-Clark to the organization exceeded the greater of \$1 million or 2 percent of the tax-exempt organization's consolidated gross revenues.

**Table of Contents**

Proposal 1.

## Election of Directors

As of the date of this proxy statement, the Board of Directors consists of thirteen members. Each director's term will expire at this year's Annual Meeting. All the nominees standing for election at the Annual Meeting are being nominated to serve until the 2018 Annual Meeting of Stockholders and until their successors have been duly elected and qualified. All nominees have advised us that they will serve if elected; however, should any nominee become unable to serve, proxies may be voted for another person designated by the Board.

Given the independent status of the nominees, if all nominees are elected at the Annual Meeting, eleven of the thirteen directors on our Board will be Independent Directors.

### Process for Director Elections

Our Certificate of Incorporation provides that all of our directors must be elected annually. Our By-Laws provide that, in uncontested elections, directors must be elected by a majority of votes cast rather than by a plurality. If any incumbent director does not receive a majority of votes, he or she is required to tender his or her resignation for consideration by the Board.

### Process and Criteria for Nominating Directors

The Board of Directors is responsible for approving candidates for Board membership. In 2016, the Board adopted a Board succession planning policy which formalizes its commitment to refreshing and maintaining a group of directors with diverse perspectives and capabilities. The Board believes that adding fresh perspectives is critical, but also values the institutional knowledge and experience of long-serving directors. The Board is committed to balancing these factors through our succession plan, retirement policy and director evaluation process.

Under our succession planning policy, the Nominating and Corporate Governance Committee maintains and reviews a Board succession plan, taking into account current composition and qualifications, Kimberly-Clark's current and expected needs, director tenure, the effectiveness of the Board and any planned or unplanned vacancies. In consultation with the Chairman of the Board and Chief Executive Officer and the Lead Director, the Committee screens and recruits director candidates and recommends to the Board any new appointments and nominees for election as directors at our annual meeting of stockholders. It also recommends nominees to fill any vacancies. As provided in our Certificate of Incorporation, the Board of Directors has the authority to determine the size of the Board and to fill any vacancies that occur between annual meetings of stockholders.

The Committee may receive recommendations for Board candidates from various sources, including our directors, management and stockholders. The Nominating and Corporate Governance Committee periodically retains a search firm to assist it in identifying and recruiting director candidates meeting the criteria specified by the Committee. The Committee utilized a search firm in connection with Ms. Quarles' nomination. In addition, as described in Corporate Governance - Stockholder Rights, our By-Laws provide for proxy access stockholder nominations of director candidates. Stockholders who wish to nominate directors under our proxy access By-Law should follow the instructions under Other Information - Stockholder Director Nominees for Inclusion in Next Year's Proxy Statement. Stockholders who wish to nominate directors who are not intended to be included in the Corporation's proxy materials should follow the instructions under Other Information - Stockholder Director Nominees Not Included in Next Year's Proxy Statement.



**Table of Contents**

**Proposal 1. Election of Directors** Process and Criteria for Nominating Directors

The Committee believes that the criteria for director nominees should foster effective corporate governance, support our strategies and businesses, take diversity into account and ensure that our directors, as a group, have an overall mix of the attributes needed for an effective Board. The criteria should also support the successful recruitment of qualified candidates.

Qualified candidates for director are those who, in the judgment of the Committee, possess all of the personal attributes and a sufficient mix of the experience attributes listed below to ensure effective service on the Board.

**PERSONAL ATTRIBUTES**

**Leadership**

Lead in personal and professional lives

**Ethical Character**

Possess high standards for ethical behavior

**Collaborative**

Actively participate in Board and committee matters

**Independence**

Independent of management and Kimberly-Clark (for non-management directors only)

**Ability to communicate**

Possess good interpersonal skills

**Effectiveness**

Bring a proactive and solution-oriented approach

**EXPERIENCE ATTRIBUTES**

**ATTRIBUTE**

**Financial acumen**

Has good knowledge of business finance and financial statements

**General business experience**

Possesses experience that will aid in judgments concerning business issues

**Industry knowledge**

Possesses knowledge about our industries

**Diversity of background and viewpoint**

Brings to the Board an appropriate level of diversity

**Special business experience**

Possesses global management experience and experience with branded consumer packaged goods

**FACTORS THAT MAY BE CONSIDERED**

Satisfies the financial literacy requirements of the NYSE

Qualifies as an audit committee financial expert under the rules and regulations of the SEC

Has an accounting, finance or banking background  
Has leadership experience as a chief or senior executive officer

Has experience setting compensation  
Has marketing expertise, with digital marketing and e-commerce experience

Has governance/public company board experience  
Brings a diverse viewpoint that is representative of our customer, consumer, employee and stockholder base

Provides a different perspective (stemming, for example, from an academic background or experience from outside the consumer packaged goods industry)

Has international experience

Has branded consumer packaged goods experience

## Table of Contents

### **Proposal 1. Election of Directors** The Nominees

#### **Committee Review of Attributes of Current Directors**

The Nominating and Corporate Governance Committee has reviewed the background of each of our current directors and their service on the Board in light of the personal and experience attributes described above. The Committee has determined that each director possesses all of the personal attributes as well as a sufficient mix of the experience attributes.

For details about each nominee's specific experience attributes, see [The Nominees](#) below.

#### **Diversity of Directors**

As noted above, the Nominating and Corporate Governance Committee believes that diversity of backgrounds and viewpoints is a key attribute for directors. As a result, the Committee seeks to have a diverse Board that is representative of our customer, consumer, employee and stockholder base. While the Committee carefully considers this diversity when considering nominees for director, the Committee has not established a formal policy regarding diversity in identifying director nominees. Our Board currently includes individuals of differing ages, races and genders.

## **The Nominees**

### **John F. Bergstrom**

#### **Chairman and Chief Executive Officer, Bergstrom Corporation**

Mr. Bergstrom has served as Chairman and Chief Executive Officer of Bergstrom Corporation, Neenah, Wisconsin, for more than the past five years. Bergstrom Corporation owns and operates automobile sales and leasing businesses and a credit life insurance company based in Wisconsin.

Director since 1987  
Age 70

Other public company boards served on since 2012: Advance Auto Parts, Inc., Associated Banc-Corp, WEC Energy Group, Inc. and Wisconsin Electric Power Company.

**Experience attributes:** Mr. Bergstrom has been determined by our Board to be an audit committee financial expert under the SEC's rules and regulations, has leadership experience as a chief executive officer, provides diversity of background and viewpoint, and has marketing, compensation, governance and public company board experience.



## Abelardo E. Bru

### **Retired Vice Chairman, PepsiCo, Inc.**

Mr. Bru retired as Vice Chairman of PepsiCo, a food and beverage company, in 2005. He joined PepsiCo in 1976. Mr. Bru served from 1999 to 2003 as President and Chief Executive Officer and in 2003 to 2004 as Chief Executive Officer and Chairman of Frito-Lay Inc., a division of PepsiCo. Prior to leading Frito-Lay, Mr. Bru led PepsiCo's largest international business, Sabritas Mexico, as President and General Manager from 1992 to 1999. Mr. Bru is a member of the board of directors of the Education is Freedom Foundation.

Director since 2005  
Age 68

Other public company boards served on since 2012: DIRECTV (from May 2013 through July 2015) and Kraft Foods Group, Inc. (through July 2015).

**Experience attributes:** Mr. Bru satisfies the financial literacy requirements of the NYSE, has leadership experience as a chief executive officer, has knowledge about our industries, provides diversity of background and viewpoint, has international experience and experience with branded consumer packaged goods, and has marketing, compensation, governance and public company board experience.

**Table of Contents**

**Proposal 1. Election of Directors** The Nominees

## Robert W. Decherd

### **Retired Vice Chairman, A. H. Belo Corporation**

Director since 1996  
Age 66

Mr. Decherd retired as Vice Chairman of the Board of A. H. Belo Corporation, a newspaper publishing and Internet company, in December 2016. Before becoming Vice Chairman in September 2013, he served as Chairman of the Board, President and Chief Executive Officer of A. H. Belo Corporation since it was spun off from Belo Corp. in February 2008. Prior to February 2008, Mr. Decherd was Chief Executive Officer of Belo Corp., a broadcasting and newspaper publishing company, for 21 years. Mr. Decherd has served as a member of the Advisory Council for the Harvard University Center for Ethics and the Board of Visitors of the Columbia Graduate School of Journalism. He is presently Chairman of Parks for Downtown Dallas, a civic organization.

Other public company boards served on since 2012: A. H. Belo Corporation and Belo Corp. (through December 2013).

**Experience attributes:** Mr. Decherd has been determined by our Board to be an audit committee financial expert under the SEC's rules and regulations, has leadership experience as a chief executive officer, provides diversity of background and viewpoint, and has marketing, compensation, governance and public company board experience.

## Thomas J. Falk

### **Chairman of the Board and Chief Executive Officer**

Director since 1999  
Age 58

Mr. Falk 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 Catalyst Inc., the University of Wisconsin Foundation, and the Consumer Goods Forum, and serves as a governor of the Boys & Girls Clubs of America.

Other public company boards served on since 2012: Lockheed Martin Corporation.

**Experience attributes:** Mr. Falk satisfies the financial literacy requirements of the NYSE and has a background in accounting, has leadership experience as a chief executive officer, has knowledge about our industries, has international experience and experience with branded consumer packaged goods, and has marketing, compensation, governance and public company board experience.

**Table of Contents**

**Proposal 1. Election of Directors** The Nominees

## Fabian T. Garcia

### **Chief Executive Officer, Revlon, Inc.**

Mr. Garcia has served as Chief Executive Officer of Revlon, Inc., a cosmetics and beauty care products company, since April 2016. Prior to joining Revlon, he served as Chief Operating Officer, Global Innovation and Growth, Europe and Hill's Pet Nutrition (added responsibility in 2012), of Colgate-Palmolive Company, a household, health care and personal products company, from 2010 to April 2016. From 2007 to 2010, he served as Executive Vice President and President, Colgate Latin America and Global Sustainability. He joined Colgate-Palmolive in 2003 as President, Colgate Greater Asia Pacific.

Director since 2011  
Age 57

Other public company boards served on since 2012: Revlon, Inc. (since April 2016)

**Experience attributes:** Mr. Garcia satisfies the financial literacy requirements of the NYSE, has leadership experience as a chief executive officer, provides diversity of background and viewpoint, has knowledge about our industries, has international experience and experience with branded consumer packaged goods, and has marketing, compensation and governance experience.

## Michael D. Hsu

### **President and Chief Operating Officer**

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

Director since  
January 2017  
Age 52

Other public company boards served on since 2012: None

**Experience attributes:** Mr. Hsu satisfies the financial literacy requirements of the NYSE, has operational leadership experience as a group president of a major business unit, provides diversity of background and viewpoint, has knowledge about our industries and experience with branded consumer packaged goods, and has marketing experience.

**Table of Contents**

**Proposal 1. Election of Directors** The Nominees

## Mae C. Jemison, M.D.

### **President, The Jemison Group**

Dr. Jemison is founder and President of The Jemison Group, Inc., a technology consulting company, and is also the Principal for the 100 Year Starship Project, a new initiative started by DARPA that focuses on human space travel to another star within the next 100 years. She was President and founder of BioSentient Corporation, a medical devices company from 2000 to 2012. Dr. Jemison founded the Dorothy Jemison Foundation for Excellence and developed The Earth We Share international science camp. Dr. Jemison served as a professor of Environmental Studies at Dartmouth College from 1995 to 2002. From 1987 to 1993, she served as a National Aeronautics and Space Administration (NASA) astronaut. Dr. Jemison is a member of the National Academy of Medicine and serves on the boards of the Texas Medical Center and the National Board of Professional Teaching Standards. She chaired the State of Texas Product Development and Small Business Incubator Board, and was a member of the National Advisory Council for Biomedical Imaging and Bioengineering.

Director since 2002  
Age 60

Other public company boards served on since 2012: Scholastic Corporation (through September 2015) and Valspar Corporation.

**Experience attributes:** Dr. Jemison satisfies the financial literacy requirements of the NYSE, has international experience and leadership experience of entrepreneurial start-up enterprises and non-profit organizations, provides diversity of background and viewpoint, and has compensation, governance and public company board experience.

## James M. Jenness

### **Retired Chairman of the Board and CEO, Kellogg Company**

Mr. Jenness has served as a Director of Kellogg Company, a producer of cereal and convenience foods, since 2000. From 2005 to 2014 he was Executive Chairman of the Board of Kellogg and he served as Chief Executive Officer of Kellogg from February 2005 through 2006. Mr. Jenness was Chief Executive Officer of Integrated Merchandising Systems LLC, a market leader in outsource management for retail promotion and branded merchandising, from 1997 to 2004. He served in various positions of increasing responsibility at Leo Burnett Company, Kellogg's major advertising agency partner, from 1974 to 1997, including as Vice Chairman, Chief Operating Officer and Director. He serves as a Trustee of DePaul University and serves on DePaul's College of Commerce Advisory Council. He is a Regent for Mercy Home for Boys and Girls.

Director since 2007  
Age 70

Other public company boards served on since 2012: Kellogg Company and Prestige Brands Holdings, Inc. (since May 2015).

**Experience attributes:** Mr. Jenness satisfies the financial literacy requirements of the NYSE, has leadership experience as a chief executive officer, has knowledge about our industries, has international experience and experience with branded consumer packaged goods, and has marketing, compensation, governance and public company board experience.

**Table of Contents**

**Proposal 1. Election of Directors** The Nominees

## Nancy J. Karch

**Retired Director, McKinsey & Co.**

Ms. Karch served as a Director (senior partner) of McKinsey & Co., an independent consulting firm, from 1988 until her retirement in 2000. She had served in various executive capacities at McKinsey since 1974. Ms. Karch is Director Emeritus of McKinsey's Stamford, Connecticut office, and serves on the boards of Northern Westchester Hospital and Northwell Health, both of which are not-for-profit entities.

Director since 2010  
Age 69

Other public company boards served on since 2012: CEB Inc. (through January 2015), Genworth Financial, Inc. (through April 2016), Kate Spade & Company and Mastercard Incorporated.

**Experience attributes:** Ms. Karch satisfies the financial literacy requirements of the NYSE and has a background in finance, has leadership experience as a senior executive officer, provides diversity of background and viewpoint, has knowledge about our industries, has experience with branded consumer packaged goods, and has compensation, governance and public company board experience.

## Christa S. Quarles

**Chief Executive Officer, OpenTable, Inc.**

Ms. Quarles serves as Chief Executive Officer of OpenTable, Inc., a provider of online restaurant reservations and part of The Priceline Group, Inc. Ms. Quarles served as the Chief Financial Officer of OpenTable from May 2015 to November 2015, when she was appointed CEO. Prior to joining OpenTable, Ms. Quarles served as Chief Business Officer of Nextdoor, Inc. from June 2014 to May 2015. From 2010 to June 2014, Ms. Quarles held positions of increasing responsibility with The Walt Disney Company, including Senior Vice President, General Manager Mobile and Social Games, General Manager, Disney Mobile Games, and Chief Financial Officer and Head of Business Operations, Mobile and Social Games. Prior to that, she was Chief Financial Officer of Playdom Inc., which was acquired by The Walt Disney Company in September 2010.

Director since  
June 2016  
Age 43

Other public company boards served on since 2012: None

**Experience attributes:** Ms. Quarles has been determined by our Board to be an audit committee financial expert under the SEC's rules and regulations and has a background in finance, has leadership experience as a chief executive officer, provides diversity of background and viewpoint, and has marketing, digital marketing and e-commerce experience.

**Table of Contents**

**Proposal 1. Election of Directors** The Nominees

## Ian C. Read

**Chairman of the Board and Chief Executive Officer, Pfizer, Inc.**

Director since 2007  
Age 63

Mr. Read was elected Chairman of the Board and Chief Executive Officer in December 2011 and President and Chief Executive Officer in December 2010, of Pfizer, Inc., a drug manufacturer. Mr. Read joined Pfizer in 1978 in its financial organization. He worked in Latin America through 1995, holding positions of increasing responsibility, and was appointed President of the Pfizer International Pharmaceuticals Group, Latin America/Canada in 1996. In 2000, Mr. Read was named Executive Vice President of Europe/Canada and was named a corporate Vice President in 2001. In 2006, he was named Senior Vice President of Pfizer, as well as Group President of its Worldwide Biopharmaceutical Businesses.

Other public company boards served on since 2012: Pfizer, Inc.

**Experience attributes:** Mr. Read has been determined by our Board to be an audit committee financial expert under the SEC's rules and regulations and has a background in finance, has leadership experience as a chief executive officer, provides diversity of background and viewpoint, has international experience, and has marketing, compensation, governance and public company board experience.

## Marc J. Shapiro

**Retired Vice Chairman, JPMorgan Chase & Co.**

Director since 2001  
Age 69

Mr. Shapiro retired in 2003 as Vice Chairman of JPMorgan Chase & Co., a financial services company. Before becoming Vice Chairman of JPMorgan Chase & Co. in 1997, Mr. Shapiro was Chairman and Chief Executive Officer of Chase Bank of Texas, a wholly-owned subsidiary of JPMorgan Chase & Co., from 1989 until 1997. He now serves as a consultant to JPMorgan Chase & Co. and as non-executive Chairman of its Texas operations. Mr. Shapiro serves on the boards of the Baylor College of Medicine, the Baylor St. Luke's Medical Center Hospital, the M.D. Anderson Cancer Center, and the Baker Institute at Rice University.

Other public company boards served on since 2012: The Mexico Fund and Weingarten Realty Investors.

**Experience attributes:** Mr. Shapiro satisfies the financial literacy requirements of the NYSE and has a banking and finance background, has leadership experience as a chief executive officer, provides diversity of background and viewpoint, and has compensation, governance and public company board experience.

**Table of Contents**

**Proposal 1. Election of Directors** The Nominees

## Michael D. White

**Former Chairman of the Board, President and Chief Executive Officer of DIRECTV**

Mr. White served as Chairman of the Board, President and Chief Executive Officer of DIRECTV, a leading provider of digital television entertainment services, from 2010 to July 2015. From 2003 until 2009, Mr. White was Chief Executive Officer of PepsiCo International and Vice Chairman, PepsiCo, Inc. after holding positions of increasing importance with PepsiCo since 1990. Mr. White is a member of the Boston College Board of Trustees and is Chairman of the Partnership for Drug-Free Kids.

Director since 2015  
Age 65

Other public company boards served on since 2012: Bank of America Corporation (since June 2016), DIRECTV (through July 2015) and Whirlpool Corporation.

**Experience attributes:** Mr. White has been determined by our Board to be an audit committee financial expert under the SEC's rules and regulations, has leadership experience as a chief executive officer, provides diversity of background and viewpoint, and has marketing, digital marketing, e-commerce, compensation, governance and public company board experience.

The Board of Directors unanimously recommends a vote **FOR** the election of each of the thirteen nominees for director.

**Table of Contents**

**Proposal 1. Election of Directors** Director Compensation

**Director Compensation**

Directors who are not officers or employees of Kimberly-Clark or any of our subsidiaries, affiliates or equity companies are Outside Directors for compensation purposes and are compensated for their services under our 2011 Outside Directors Compensation Plan. All Independent Directors currently on our Board are Outside Directors and are compensated under this Plan.

Our objectives for Outside Director Compensation are:

- to remain competitive with the median compensation paid to outside directors of comparable companies
- to keep pace with changes in practices in director compensation
- to attract qualified candidates for Board service
- to reinforce our practice of encouraging stock ownership by our directors

In 2014, the Nominating and Corporate Governance Committee assessed our Outside Director compensation against the median non-management director compensation for our peers. Based on this review, the Committee recommended an increase in Outside Director compensation for 2015, and the Board agreed with the Committee's recommendation. For 2016 there was no change.

The table below shows how we structured Outside Director compensation in 2016:

|                         |  |
|-------------------------|--|
| <b>Board Members</b>    | Cash retainer: \$100,000 annually, paid in four quarterly payments at the beginning of each quarter.                                 |
| <b>Committee Chairs</b> | Restricted share units: Annual grant with a value of \$165,000, awarded and valued on the first business day of the year             |
| <b>Lead Director</b>    | Additional annual grant of restricted share units with a value of \$20,000, awarded and valued on the first business day of the year |
| <b>Stockholder</b>      | Additional grant of restricted share units with a value of \$30,000, awarded and valued on the first business day of the year        |
| <b>Alignment</b>        | Restricted share units are not paid out until retirement or other termination of Board service                                       |

New Outside Directors receive the full quarterly amount of the annual retainer for the quarter in which they join the Board. Their annual grant of restricted share units is pro-rated based on the date when they joined.

We also reimburse Outside Directors for expenses incurred in attending Board or committee meetings.

Restricted share units are not shares of our common stock. Rather, restricted share units represent the right to receive a pre-determined number of shares of our common stock within 90 days following a restricted period that begins on the date of grant and expires on the date the Outside Director retires from or otherwise terminates service on the Board. In this way, they align the director's interests with the interests of our stockholders. Outside Directors may not dispose of the units or use them in a pledge or similar transaction. Outside Directors also receive additional restricted share units equivalent in value to the dividends that would have been paid to them if the restricted share units granted to them were shares of our common stock.



**Table of Contents****Proposal 1. Election of Directors 2016 Outside Director Compensation****2016 Outside  
Director  
Compensation**

The following table shows the compensation paid to each Outside Director for his or her service in 2016.

| Name <sup>(1)</sup>  | Fees Earned or<br>Paid in Cash(\$) | Stock<br>Awards<br>(\$) <sup>(2)(3)(4)</sup> | All Other<br>Compensation<br>(\$) <sup>(5)</sup> | Total(\$) <sup>(6)</sup> |
|----------------------|------------------------------------|--|--|--------------------------|
| John F. Bergstrom    | 100,000                            | 165,000                                      | 10,000   | 275,000                  |
| Abelardo E. Bru      | 100,000                            | 185,000                                      | 10,000   | 295,000                  |
| Robert W. Dechard    | 100,000                            | 165,000                                      |  | 265,000                  |
| Fabian T. Garcia     | 100,000                            | 165,000                                      |  | 265,000                  |
| Mae C. Jemison, M.D. | 100,000                            | 165,000                                      |  | 265,000                  |
| James M. Jenness     | 100,000                            | 195,000                                      |  | 295,000                  |
| Nancy J. Karch       | 100,000                            | 185,000                                      | 10,000   | 295,000                  |
| Christa S. Quarles   | 75,000                             | 96,250                                       |  | 171,250                  |
| Ian C. Read          | 100,000                            | 185,000                                      | 7,440  | 292,440                  |
| Marc J. Shapiro      | 100,000                            | 165,000                                      | 10,000   | 275,000                  |
| Michael D. White     | 100,000                            | 165,000                                      |  | 265,000                  |

<sup>(1)</sup> Ms. Quarles joined the Board on June 15, 2016 and received a pro-rated stock award as well as fees for three quarters.

<sup>(2)</sup> Amounts shown reflect the grant date fair value of those grants, determined in accordance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 718 Stock Compensation ( ASC Topic 718 ) for restricted share unit awards granted pursuant to our 2011 Outside Directors Compensation Plan. See Note 8 to our audited consolidated financial statements included in our Annual Report on Form 10-K for 2016 for the assumptions used in valuing these restricted share units.

<sup>(3)</sup> Restricted share unit awards were granted to the Outside Directors on January 4, 2016, except for Ms. Quarles, who joined the Board and received a grant on June 15, 2016. The number of restricted share units granted is set forth below:

| Name                 | Restricted Share Unit Grants in 2016(#) |
|----------------------|---|
| John F. Bergstrom    | 1,305                                   |
| Abelardo E. Bru      | 1,463                                   |
| Robert W. Dechard    | 1,305                                   |
| Fabian T. Garcia     | 1,305                                   |
| Mae C. Jemison, M.D. | 1,305                                   |
| James M. Jenness     | 1,542                                   |
| Nancy J. Karch       | 1,463                                   |
| Christa S. Quarles   | 729                                     |
| Ian C. Read          | 1,463                                   |
| Marc J. Shapiro      | 1,305                                   |
| Michael D. White     | 1,305                                   |

**Table of Contents****Proposal 1. Election of Directors 2016 Outside Director Compensation**

<sup>(4)</sup> As of December 31, 2016, Outside Directors had the following stock awards outstanding:

| Name                 | Restricted Stock(#) | Restricted Share Units(#) |
|----------------------|---------------------|---------------------------|
| John F. Bergstrom    | 3,000               | 34,792                    |
| Abelardo E. Bru      |                     | 28,631                    |
| Robert W. Dechard    | 3,000               | 38,094                    |
| Fabian T. Garcia     |                     | 9,784                     |
| Mae C. Jemison, M.D. |                     | 34,792                    |
| James M. Jenness     |                     | 26,349                    |
| Nancy J. Karch       |                     | 13,603                    |
| Christa S. Quarles   |                     | 734                       |
| Ian C. Read          |                     | 22,779                    |
| Marc J. Shapiro      |                     | 39,049                    |
| Michael D. White     |                     | 1,881                     |

Reflects charitable matching gifts paid in 2016 under the Kimberly-Clark Foundation's Matching Gifts Program to a charity designated by the director. This program is available to all our employees and directors. Under the program, the Kimberly-Clark Foundation matches employees <sup>(5)</sup> and directors' financial contributions to qualified educational and charitable organizations in the United States on a dollar-for-dollar basis, up to \$10,000 per person per calendar year. Amounts paid in 2016 in connection with matching gifts for Messrs. Bergstrom and Read and Ms. Karch reflect donations made in 2015.

During 2016, Outside Directors received credit for cash dividends on restricted stock held by them. These dividends are credited to interest bearing accounts maintained by us on behalf of those Outside Directors with restricted stock. Earnings on those accounts are not included in the Outside Director Compensation Table because the earnings were not above market or preferential. Also in 2016, Outside Directors received <sup>(6)</sup> additional restricted share units with a value equal to the cash dividends paid during the year on our common stock on the restricted share units held by them. Because we factor the value of the right to receive dividends into the grant date fair value of the restricted stock and restricted share units awards, the dividends and dividend equivalents received by Outside Directors are not included in the Outside Director Compensation table. The dividends and other amounts credited on restricted stock and additional restricted share units credited in 2016 were as follows:

| Name                 | Dividends Credited on Restricted Stock(\$) | Number of Restricted Share Units Credited in 2016(#) | Grant Date Fair Value of Restricted Share Units Credited(\$) |
|----------------------|--|--|--|
| John F. Bergstrom    | 10,920                                     | 938.99   | 123,325  |
| Abelardo E. Bru      |  | 770.07   | 101,145  |
| Robert W. Dechard    | 10,920                                     | 1,028.95   | 135,137  |
| Fabian T. Garcia     |  | 257.70   | 33,861   |
| Mae C. Jemison, M.D. |  | 938.99   | 123,325  |
| James M. Jenness     |  | 707.39   | 92,912   |
| Nancy J. Karch       |  | 360.67   | 47,386   |
| Christa S. Quarles   |  | 5.45   | 671  |
| Ian C. Read          |  | 610.66   | 80,212   |
| Marc J. Shapiro      |  | 1,054.98   | 138,555  |
| Michael D. White     |  | 42.40  | 5,588  |

**Table of Contents**

**Proposal 1. Election of Directors 2016 Outside Director Compensation**

Other than the cash retainer, grants of restricted share units and the other compensation previously described, no Outside Director received any compensation or perquisites from Kimberly-Clark for services as a director in 2016.

A director who is not an Outside Director does not receive any compensation for services as a member of the Board or any committee, but is reimbursed for expenses incurred as a result of the services.

In 2016, the Nominating and Corporate Governance Committee, with the assistance of Mercer, revisited the Corporation's Outside Director compensation to assess whether it still met our objectives for Outside Director compensation as described above. In its assessment, the Committee compared aggregate Outside Director cash and equity compensation to the median compensation of the outside directors of our peer group, as well as the structure of our compensation programs of our peer group. For information regarding our peer group, see Compensation Discussion and Analysis below. Based on this review, the Committee determined that the aggregate compensation for our Outside Directors would be below the median of our peer group in 2017. The Committee then recommended to the Board, and the Board approved, changes to our Outside Directors aggregate compensation to more closely align with the median aggregate compensation of our peer group. Accordingly, beginning in 2017 the value of the annual grant of restricted share units is increased from \$165,000 to \$180,000. There was no change to the amount of the annual cash retainer or the additional annual grant of restricted share units paid to committee chairs or to the Lead Director.

**Table of Contents**

Proposal 2.  
Ratification of Auditors

The Audit Committee of the Board of Directors is directly responsible for the appointment, compensation, retention and oversight of our independent auditors. The Audit Committee is also responsible for overseeing the negotiation of the audit fees associated with retaining our independent auditors. To assure continuing auditor independence, the Audit Committee periodically considers whether a different audit firm should perform our independent audit work. Also, in connection with the mandated rotation of the independent auditor's lead engagement partner, the Audit Committee and its chairman are directly involved in the selection of the new lead engagement partner.

For 2017, the Audit Committee has selected Deloitte & Touche LLP (along with its member firms and affiliates, Deloitte ) as the independent registered public accounting firm to audit our financial statements. In engaging Deloitte for 2017, the Audit Committee utilized a review and selection process that included the following:

a review of management's assessment of the services Deloitte provided in 2016 and a comparison of this assessment to prior years' reviews

discussions, in executive session, with the Chief Financial Officer and the Vice President and Controller regarding their viewpoints on the selection of the 2017 independent auditors and on Deloitte's performance

discussions, in executive session, with representatives of Deloitte about their possible engagement

Audit Committee discussions, in executive session, about the selection of the 2017 independent auditors

a review and approval of Deloitte's proposed estimated fees for 2017

a review and assessment of Deloitte's independence

the Audit Committee's consideration of the fact that Deloitte has served as our independent auditors since 1928, and its conclusion that this service does not impact Deloitte's independence

The Audit Committee and the Board believe that the continued retention of Deloitte to serve as our independent auditor is in the best interests of Kimberly-Clark and its stockholders, and they recommend that stockholders ratify this selection. If the stockholders do not ratify the selection of Deloitte, the Audit Committee will consider the selection of other independent auditors.

Representatives of Deloitte are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The Board of Directors unanimously recommends a vote **FOR** ratification of Deloitte's selection as Kimberly-Clark's auditor for 2017.



**Table of Contents****Proposal 2. Ratification of Auditors** Audit Committee Approval of Audit and Non-Audit Services**Principal  
Accounting  
Firm Fees**

Our aggregate fees to Deloitte (excluding value added taxes) with respect to the fiscal years ended December 31, 2016 and 2015, were as follows:

|                                   | 2016(\$)   | 2015(\$)   |
|-----------------------------------|------------|------------|
| Audit Fees <sup>(1)</sup>         | 11,010,600 | 11,408,139 |
| Audit-Related Fees <sup>(2)</sup> | 791,200    | 913,840    |
| Tax Fees <sup>(3)</sup>           | 3,087,000  | 2,208,000  |
| All Other Fees                    |            |            |

*These amounts represent fees billed or expected to be billed for professional services rendered by Deloitte for the audit of Kimberly-Clark's annual financial statements for the fiscal years ended December 31, 2016 and December 31, 2015, reviews of the financial statements included in Kimberly-Clark's Forms 10-Q, and other services that are normally provided by the independent registered public accounting firm in connection with statutory or regulatory filings or engagements for each of those fiscal years, including: fees for consolidated financial audits, statutory audits, comfort letters, attest services, consents, assistance with and review of SEC filings and other related matters. These amounts also include fees for an audit of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.*

*(1) These amounts represent aggregate fees billed or expected to be billed by Deloitte for assurance and related services reasonably related to the performance of the audit or review of our financial statements for the fiscal years ended December 31, 2016 and 2015, that are not included in the audit fees listed above. These services include engagements related to employee benefit plans, due diligence assistance and other matters.*

*(2) These amounts represent Deloitte's aggregate fees for tax compliance, tax advice and tax planning for 2016 and 2015. Approximately \$220,000 and \$310,000 was for tax compliance/preparation fees in 2016 and 2015, respectively.*

**Audit  
Committee  
Approval of  
Audit and  
Non-Audit  
Services**

Using the following procedures, the Audit Committee pre-approves all audit and non-audit services provided by Deloitte to Kimberly-Clark:

At the first face-to-face Audit Committee meeting each year, our Chief Financial Officer presents a proposal, including fees, to engage Deloitte for audit services;

Before the first face-to-face Audit Committee meeting of the year, our Vice President and Controller oversees the preparation of a detailed memorandum regarding non-audit services to be provided by Deloitte during the year. This memorandum includes the services to be provided, the estimated cost of these services, reasons why it is appropriate to have Deloitte provide these services, and reasons why the requested service is not inconsistent with applicable auditor independence rules; and

Before each subsequent meeting of the Audit Committee, our Vice President and Controller oversees the preparation of an additional memorandum that includes updated information regarding the approved services and highlights any new audit and non-audit services to be provided by Deloitte. All new non-audit services to be provided are described in individual requests for services.

The Audit Committee reviews the requests presented in these proposals and memoranda and approves all services it finds acceptable.

To ensure prompt handling of unexpected matters, the Audit Committee has delegated to the Chairman of the Audit Committee the authority to amend or modify the list of audit and non-audit services and fees between meetings, as long as the additional or amended services do not affect Deloitte's independence under applicable rules. Any actions taken under this authority are reported to the Audit Committee at its next face-to-face Committee meeting.

Edgar Filing: KIMBERLY CLARK CORP - Form DEF 14A

All Deloitte services and fees in 2016 and 2015 were pre-approved by the Audit Committee or the Audit Committee Chairman.

**Table of Contents**

**Proposal 2. Ratification of Auditors Audit Committee Report**

**Audit Committee Report**

In accordance with its charter adopted by the Board, the Audit Committee assists the Board in overseeing the quality and integrity of Kimberly-Clark's accounting, auditing and financial reporting practices.

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

The Audit Committee discussed and reviewed with the auditors all communications required by the PCAOB's auditing standards, including those required by PCAOB AS 16, *Communication with Audit Committees*. Also, with and without management present, it discussed and reviewed the results of the auditors' examination of our financial statements and our internal control over financial reporting. The Committee also discussed the results of internal audit examinations.

Management is responsible for preparing Kimberly-Clark's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and for establishing and maintaining Kimberly-Clark's internal control over financial reporting. The auditors have the responsibility for performing an independent audit of Kimberly-Clark's financial statements and internal control over financial reporting, and expressing opinions on the conformity of Kimberly-Clark's financial statements with GAAP and the effectiveness of internal control over financial reporting. The Audit Committee discussed and reviewed Kimberly-Clark's audited financial statements as of and for the fiscal year ended December 31, 2016, with management and the auditors. The Audit Committee also reviewed management's assessment of the effectiveness of internal controls as of December 31, 2016, and discussed the auditors' examination of the effectiveness of Kimberly-Clark's internal control over financial reporting.

Based on the above-mentioned reviews and discussions with management and the auditors, the Audit Committee recommended to the Board that Kimberly-Clark's audited financial statements be included in Kimberly-Clark's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, for filing with the SEC. The Audit Committee also has selected and recommended to stockholders for ratification the reappointment of Deloitte as the independent registered public accounting firm for 2017.

**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

Ian C. Read, Chairman  
John F. Bergstrom  
Robert W. Dechard  
Christa S. Quarles  
Michael D. White



**Table of Contents**

**Proposal 3. Advisory Vote  
to Approve Named Executive  
Officer Compensation**

In the Compensation Discussion and Analysis that follows, we describe in detail our executive compensation program, including its objectives, policies and components. As discussed in that section, our executive compensation program seeks to align the compensation of our executives with the objectives of our Global Business Plan. To this end, the Management Development and Compensation Committee (the Committee) has adopted executive compensation policies that are designed to achieve the following objectives:

*Pay-for-Performance.* Support a performance-oriented environment that rewards achievement of our financial and non-financial goals.

*Focus on Long-Term Success.* Reward executives for long-term strategic management and stockholder value enhancement.

*Stockholder Alignment.* Align the financial interests of our executives with those of our stockholders.

*Quality of Talent.* Attract and retain executives whose abilities are considered essential to our long-term success.

For a more detailed discussion of how our executive compensation program reflects these objectives and policies, including information about the fiscal year 2016 compensation of our named executive officers, see Compensation Discussion and Analysis, below.

We are asking our stockholders to support our executive compensation as described in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on our executive compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our executives and the objectives, policies and practices described in this proxy statement. Accordingly, we will ask our stockholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to the Corporation's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved by the Corporation's stockholders on an advisory basis.

The say-on-pay vote is advisory and is therefore not binding on Kimberly-Clark, the Committee or our Board. Nonetheless, the Committee and our Board value the opinions of our stockholders. Therefore, to the extent there is any significant vote against the executive compensation as disclosed in this proxy statement, the Committee and our Board will consider our stockholders concerns and will evaluate whether any actions are necessary to address those concerns.

The Board of Directors unanimously recommends a vote **FOR** the approval of named executive officer compensation, as disclosed in this proxy statement pursuant to the SEC's compensation disclosure rules.

**Table of Contents**

Compensation Discussion  
and Analysis

This Compensation Discussion and Analysis is intended to provide investors with an understanding of our compensation policies and decisions regarding 2016 compensation for our named executive officers.

For 2016, our named executive officers are:

| <b>Named Executive Officer</b> | <b>Title</b>                                      |
|--------------------------------|---|
| Thomas J. Falk                 | Chairman of the Board and Chief Executive Officer |
| Maria G. Henry                 | Senior Vice President and Chief Financial Officer |
| Michael D. Hsu                 | President and Chief Operating Officer*            |
| Anthony J. Palmer              | President, Global Brands and Innovation           |
| Elane B. Stock                 | Former Group President K-C International**        |

\*Mr. Hsu served as Group President K-C North America during 2016. He was elected to President and Chief Operating Officer effective January 1, 2017.

\*\*Ms. Stock served as Group President K-C International during 2016. Effective January 1, 2017 she no longer serves in such capacity as a result of the elimination of the role from our organizational structure. She is currently serving in a non-executive role for a transition period.

**2016  
Compensation  
Highlights**

As measured under our annual incentive program, we delivered the results below in net sales, adjusted earnings per share (EPS) and adjusted operating profit return on sales (OPROS).

| <b>Performance Measure*</b> | <b>2016 Results</b> | <b>2016 Target</b> |
|-----------------------------|---------------------|--------------------|
| Net sales                   | \$18.20 billion     | \$18.20 billion    |
| Adjusted EPS                | \$6.03              | \$6.05             |
| Adjusted OPROS Improvement  | +110 bps            | +70 bps            |

\*See 2016 Performance Goals, Performance Assessments and Payouts for additional information on how we use these measures to promote our pay-for-performance culture.

**Table of Contents**

**Compensation Discussion and Analysis 2016 Compensation Highlights**

Based on our 2016 performance, the Management Development and Compensation Committee of our Board (the Committee ) concluded that:

management delivered a solid financial performance in 2016 with slightly below target adjusted earnings per share, target level net sales and above target adjusted OPROS growth, and

management continues to make good progress executing strategies for our long-term success, including:

focusing on targeted growth initiatives and product innovations,

improving market share in our priority markets,

generating cost savings to help fund brand investments and improve margins, and

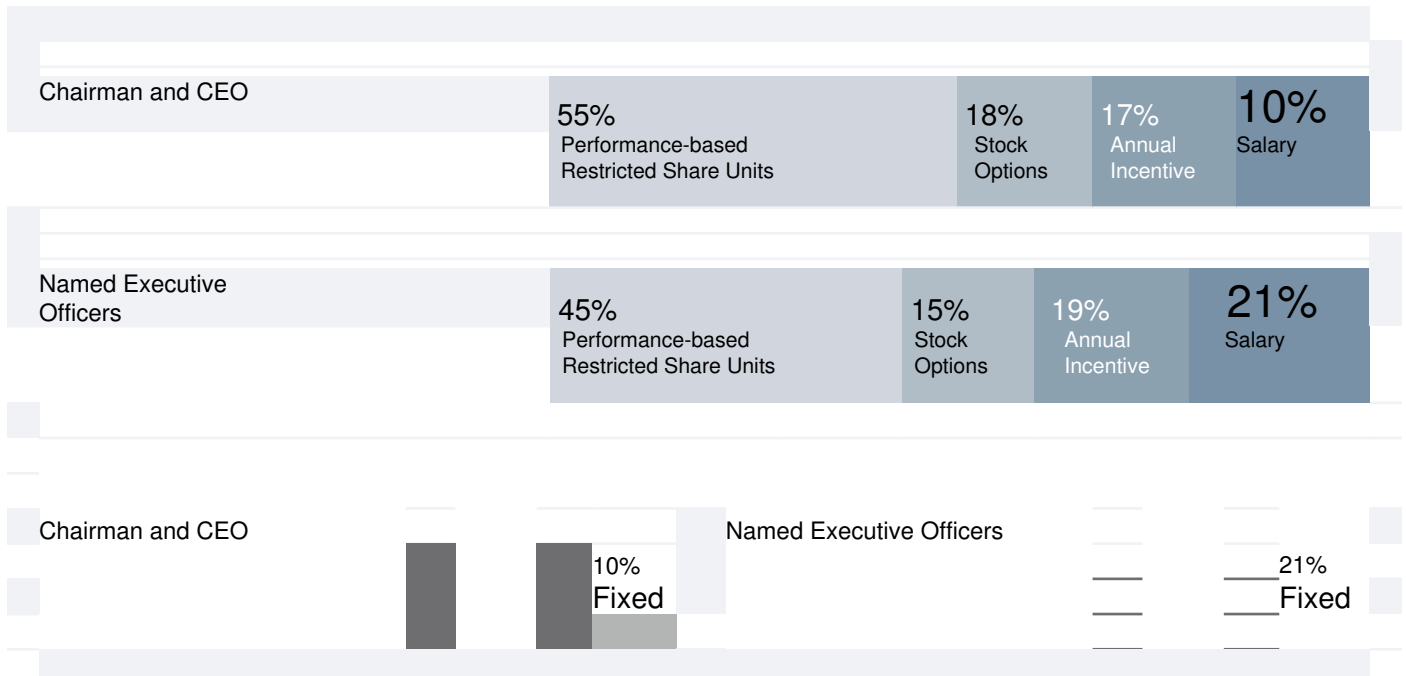
focusing on cash generation and allocating capital in stockholder-friendly ways.

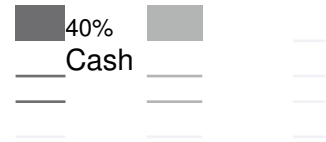
Based on this performance, the Committee approved annual cash incentives for 2016 at slightly above the target amount, including an annual incentive payout for the Chief Executive Officer of 109 percent of his target payment amount.

**Performance-Based Compensation**

Pay-for-performance is a key objective of our compensation programs. Consistent with that objective, performance-based compensation constituted a significant portion of our named executive officers' direct annual compensation targets for 2016. Also, to further align the financial interests of our executives with those of our stockholders, a majority of our executives' target direct annual compensation for 2016 was equity-based.

**COMPOSITION OF TARGET DIRECT COMPENSATION**





**Table of Contents**

**Compensation Discussion and Analysis 2016 Compensation Highlights**

**Committee Consideration of 2016 Stockholder Advisory Vote**

At our 2016 Annual Meeting, our executive compensation program received the support of approximately 95 percent of shares represented at the meeting. The Committee has considered the results of this vote and views this outcome as evidence of stockholder support of its executive compensation decisions and policies. Accordingly, the Committee has not made any substantial changes to its executive compensation policies for 2017. The Committee will continue to review the annual stockholder votes on our executive compensation program and determine whether to make any changes in light of the results.

**CEO Target Direct Compensation and Realizable Direct Compensation**

The following chart compares the Chief Executive Officer's target direct annual compensation and realizable direct compensation over the last three years. Realizable direct compensation reflects the actual compensation received for base salary and annual cash incentive plus the value of the long-term equity incentives granted in that year, determined as follows:

For unexercised stock options, the amount by which our 2016 year-end stock price (\$114.12) exceeds the exercise price, multiplied by the number of options granted and for exercised stock options, the actual value realized upon exercise, and

For performance-based restricted share units, intrinsic value is the number of units that were paid out based on actual performance (for the grant made in 2014) or are expected to be paid out based on projected performance (for the grants made in 2015 and 2016), multiplied by our 2016 year-end stock price.

Key factors causing realizable direct compensation to differ from target direct annual compensation over these three years are:

Improved performance that resulted in annual cash incentives to be paid out at 105 percent of target (2014), 105 percent of target (2015) and 109 percent of target (2016), and

A rising stock price over the last three years that significantly impacted the intrinsic value of stock options and the dollar value of performance-based restricted share units granted in each year. Our stock prices on the dates stock options were granted to our Chief Executive Officer were \$107.51 (2014, as adjusted for the Halyard Health spin-off), \$110.72 (2015) and \$126.13 (2016).

The Committee believes that this chart demonstrates that our Chief Executive Officer's realizable direct compensation varies from his target direct annual compensation based on our performance and stock price consistent with our pay-for-performance philosophy.

**Table of Contents**

**Compensation Discussion and Analysis** Executive Compensation Objectives and Policies

**CEO TARGET DIRECT COMPENSATION AND REALIZABLE DIRECT COMPENSATION**

**Target Direct Compensation**

**Realizable Direct Compensation\*\*\***

\*All PRSUs granted in 2014 received a dividend equivalent for the Halyard Health spin-off on October 31, 2014.

\*\*Where applicable, exercise prices and numbers of stock options adjusted for Halyard Health spin-off.

\*\*\*Excludes changes in pension value, all other compensation and the value of dividends and dividend equivalents for PRSUs. Our stock price at the measurement date (December 31, 2016) was \$114.12.

**Executive Compensation Objectives and Policies**

The Committee establishes and administers our policies governing the compensation of our elected officers, including our named executive officers. The Committee reviews our compensation philosophy annually and determines whether it supports our business objectives and is consistent with the Committee's charter.

The Committee has adopted executive compensation policies that are designed to achieve the following objectives:

| Objective                  | Description   | Related Policies  |
|----------------------------|---|---|
| Pay-for-Performance        | Support a performance-oriented environment that rewards achievement of our financial and non-financial goals. | The majority of our named executive officers' pay varies with the levels at which annual and long-term performance goals are achieved. The Committee chooses performance goals that align with our strategies for sustained growth and profitability. The largest single component of our named executive officers' annual target compensation is in the form of performance-based restricted share units. The number of shares actually received on payout of these units depends on our performance over a three-year period. |
| Focus on Long-Term Success | Reward executives for long-term strategic management and stockholder value enhancement.                       |   |



**Table of Contents**

**Compensation Discussion and Analysis** Executive Compensation Objectives and Policies

| <b>Objective</b>             | <b>Description</b>  | <b>Related Policies</b>   |
|------------------------------|---|---|
| <b>Stockholder Alignment</b> | Align the financial interests of our executives with those of our stockholders.<br>Attract and retain highly skilled executives whose abilities are considered essential to our long-term success as a global company operating our personal care, consumer tissue and K-C professional businesses. | Equity-based awards make up the largest part of our named executive officers' annual target compensation. As part of this, our named executive officers receive stock options, which vest over time and have value only if our stock value rises after the option grants are made. We also have other policies that link our executives' interests with those of our stockholders, including target stock ownership guidelines.<br><br>The Committee reviews peer group data to ensure our executive compensation program remains competitive so we can continue to attract and retain this talent. |
| <b>Quality of Talent</b>     |   |   |

These compensation objectives and policies seek to align the compensation of our elected officers, including our named executive officers, with the objectives of our Global Business Plan. Our Global Business Plan, established by our senior management and the Board, is designed to make Kimberly-Clark a stronger and more competitive company and to increase our total return to stockholders by:

- managing our business portfolio to balance growth, margin and cash flow
- investing in brands, innovation and growth initiatives
- delivering sustainable cost reduction
- providing disciplined capital management to improve return on invested capital and return cash to stockholders



**Table of Contents**

**Compensation Discussion and Analysis** Components of Our Executive Compensation Program

**Components of Our Executive Compensation Program**

The table below gives an overview of the compensation components used in our program and matches each with one or more of the objectives described above.

| Component                  | Objectives                 | Purpose   | Target Competitive Position  |
|----------------------------|----------------------------|---|--|
| Base salary                | Quality of talent          | Provide annual cash income based on:  | Compared to median of peer group<br>Actual base salary will vary based on the individual's level of responsibility, experience in the position and performance |
|                            |                            | level of responsibility, experience and performance<br>comparison to market pay information                   |  |
| Annual cash incentive      | Pay-for-performance        | Motivate and reward achievement of the following annual performance goals:                                    | Target compared to median of peer group  |
|                            |                            | corporate key financial goals   | Actual payout will vary based on actual corporate and business unit or staff function performance  |
|                            |                            | other corporate financial and strategic performance goals   | Target compared to median of peer group  |
|                            |                            | performance of the business unit or staff   | Actual payout of performance-based restricted share units will vary based on actual corporate performance  |
| Long-term equity incentive | Focus on long-term success | Provide an incentive to deliver stockholder value and to achieve our long-term objectives, through awards of: | Actual payout will also vary based on actual stock price performance   |
|                            | Pay-for-performance        | Quality of talent   |  |

performance-based  
restricted share  
units  
  
stock options

Time-vested  
restricted share  
units may be  
granted from  
time to time for  
recruiting,  
retention or  
other purposes  
Provide  
competitive  
retirement plan  
benefits  
through 401(k)  
plan and other  
defined  
contribution  
plans

Retirement  
benefits

Quality of talent

Benefits comparable to those of peer group

Provide  
minimal  
market-based  
additional  
benefits

Perquisites

Quality of talent

Benefits comparable to those of peer group

Post-  
termination  
compensation  
(severance  
and change of  
control)

Quality of talent

Benefits comparable to those of peer group

Encourage  
attraction and  
retention of  
executives  
critical to our  
long-term  
success and  
competitiveness:

Severance Pay  
Plan, which  
provides  
eligible  
employees,  
including  
executives,  
payments and  
benefits in the  
event of certain  
involuntary  
terminations

Executive  
Severance  
Plan, which  
provides  
eligible  
employees,  
including  
executives,  
payments in  
the event of a

qualified  
separation of  
service  
following a  
change of  
control

**Table of Contents****Compensation Discussion and Analysis** Setting Annual Compensation**Setting Annual Compensation**

This section describes how the Committee thinks about annual compensation and the processes that it followed in setting 2016 target annual compensation for our named executive officers.

**Focus on Direct Annual Compensation**

In setting 2016 compensation for our executive officers, including our Chief Executive Officer, the Committee focused on direct annual compensation, which consists of annual cash compensation (base salary and annual cash incentive) and long-term equity incentive compensation (performance-based restricted share units and stock options). The Committee considered annual cash and long-term equity incentive compensation both separately and as a package to help ensure that our executive compensation objectives are met.

**Executive Compensation Peer Group**

To ensure that our executive compensation programs are reasonable and competitive in the marketplace, the Committee compares our programs to those at other companies. In setting compensation in February 2016 for our named executive officers, the Committee used a peer group consisting of the following consumer goods and business to business companies:

| 2016 Executive Compensation Peer Group |                         |                        |
|--|-------------------------|------------------------|
| 3M                                     | DuPont                  | Kraft Heinz            |
| Avon Products                          | General Mills           | Mondelēz International |
| Campbell Soup                          | Hershey                 | Newell Brands          |
| Clorox                                 | Honeywell International | Nike                   |
| Coca-Cola                              | Johnson & Johnson       | PepsiCo                |
| Colgate-Palmolive                      | Kellogg                 | Procter & Gamble       |
| ConAgra Brands                         |                         |                        |

The Committee generally seeks to select companies with whom Kimberly-Clark competes for talent. We believe that we generally compete for talent with consumer goods and business-to-business companies with annual revenues ranging from approximately one-half to two times our annual revenues. However, the Committee concluded that it was appropriate also to include certain companies outside of this annual revenue range because we directly compete with them for talent.

In developing the peer group, the Committee does not consider individual company compensation practices, and no company has been included or excluded because it is known to pay above-average or below-average compensation. The Committee (working with compensation consultants retained separately by the Committee and the company), reviews the peer group annually to ensure that it continues to serve as an appropriate comparison for our compensation program.

For purposes of setting executive compensation for 2017, the Committee made adjustments to select companies that more closely meet the criteria summarized above. The Committee removed Avon Products and added J.M. Smucker and V.F. Corp.



## **Table of Contents**

### **Compensation Discussion and Analysis** Setting Annual Compensation

#### **Process for Setting Direct Annual Compensation Targets**

In setting the direct annual compensation of our executive officers, the Committee evaluates both market data provided by the compensation consultants and information on the performance of each executive officer for prior years. To remain competitive in the marketplace for executive talent, the target levels for the executive officers' compensation components, including our Chief Executive Officer, are compared to the median of the peer group.

To reinforce a pay-for-performance culture, targets for individual executive officers may be set above or below this median depending on the individual's performance in prior years and experience in the position. The Committee believes that comparing target levels to the median, setting targets as described above, and providing incentive compensation opportunities that will enable executives to earn above-target compensation if they deliver above-target performance on their performance goals, are consistent with the objectives of our compensation policies. In particular, the Committee believes that this approach enables us to attract and retain skilled and talented executives to guide and lead our businesses and supports a pay-for-performance culture. At times, the Committee may award long-term equity incentive compensation to key individuals to address retention concerns. When setting annual compensation for our executive officers, the Committee considers each compensation component (base salary, annual cash incentive and long-term equity incentive), but its decision regarding a particular component does not necessarily impact its decision about other components.

In setting compensation for executive officers that join us from other companies, the Committee evaluates both market data for the position to be filled and the candidate's compensation history. The Committee recognizes that in order to successfully recruit a candidate to leave his or her current position and to join Kimberly-Clark, the candidate's compensation package may have to exceed his or her current compensation, resulting in a package above the median of our peer group.

#### **CEO Direct Annual Compensation**

The Committee determines Mr. Falk's direct annual compensation in the same manner as the direct annual compensation of the other named executive officers. Mr. Falk's direct annual target compensation is at or near the median of direct annual compensation of chief executive officers of companies included in the peer group.

The difference between Mr. Falk's compensation and that of the other named executive officers reflects the significant difference in their relative responsibilities. Mr. Falk's responsibilities for management and oversight of a global enterprise are significantly greater than those of the other executive officers. As a result, the market pay level for Mr. Falk is appropriately higher than the market pay for our other executive officer positions.

**Table of Contents**

**Compensation Discussion and Analysis** Executive Compensation for 2016

**Direct Annual Compensation Targets for 2016**

Consistent with its focus on direct annual compensation, the Committee approved 2016 direct annual compensation targets for each of our named executive officers. The Committee believes that these target amounts, which formed the basis for the Committee’s compensation decisions for 2016, were appropriate and consistent with our executive compensation objectives:

| <b>Name</b>       | <b>2016 Direct Annual Compensation Target(\$)</b> |            |
|-------------------|---|------------|
| Thomas J. Falk    |   | 13,577,500 |
| Maria G. Henry    |   | 3,882,000  |
| Michael D. Hsu    |   | 4,246,000  |
| Anthony J. Palmer |   | 2,679,000  |
| Elane B. Stock    |   | 4,246,000  |

These 2016 direct annual compensation target amounts differ from the amounts set forth in the Summary Compensation Table in the following ways:

Base salaries are adjusted on April 1 of each year, while the Summary Compensation Table includes salaries for the calendar year. See Executive Compensation for 2016 Base Salary.

Annual cash incentive compensation is included at the target level, while the Summary Compensation Table reflects the actual amount earned for 2016.

As described below under Long-Term Equity Incentive Compensation 2016 Stock Option Awards, for compensation purposes the Committee values stock options differently than the way they are required to be reflected in the Summary Compensation Table.

In setting direct annual compensation targets, the Committee does not include increases in pension or deferred compensation earnings or other compensation, while those amounts are required to be included in the Summary Compensation Table.

**Executive Compensation for 2016**

To help achieve the objectives discussed above, our executive compensation program for 2016 consists of fixed and performance-based components, as well as short-term and long-term components.

**Base Salary**

To attract and retain high caliber executives, we pay our executives an annual fixed salary that the Committee considers competitive in the marketplace.

Salary ranges and individual salaries for executive officers are reviewed annually, and salary adjustments generally are effective on April 1 of each year. In determining individual salaries, the Committee considers the salary levels for similar positions at our peer group companies, as well as the executive’s performance and experience in his or her position. This performance evaluation is based on how the executive performs during the year against results-based objectives established at the beginning of the year. In general, an experienced executive who is performing at a satisfactory level will receive a base salary at or around the median of our peer group companies. However, executives may be paid above or below the median depending on their experience and performance. From time to time, if warranted, executives and other employees may receive additional salary increases because of

promotions, changes in duties and responsibilities, retention concerns or market conditions.



**Table of Contents**

**Compensation Discussion and Analysis** Executive Compensation for 2016

For purposes of setting 2016 base salaries, each executive's leadership performance was measured against the following set of behaviors viewed as characteristic of executives who are adept at leading the strategic, operational and organizational aspects of our global business:

- building trust
- making decisions
- winning consistently
- thinking customer
- continuously improving
- building talent

The Committee approved the following base salaries for our named executive officers, effective April 2016:

| Name              | 2016 Base Salary(\$) |
|-------------------|----------------------|
| Thomas J. Falk    | 1,325,000            |
| Maria G. Henry    | 780,000              |
| Michael D. Hsu    | 840,000              |
| Anthony J. Palmer | 660,000              |
| Elane B. Stock    | 840,000              |

**Annual Cash Incentive Program**

Consistent with our pay-for-performance compensation objective, our executive compensation program includes an annual cash incentive program to motivate and reward executives in achieving annual performance objectives.

**2016 Targets**

The target payment amount for annual cash incentives is a percentage of the executive's base salary. The Committee determines this target payment amount as described above under "Setting Annual Compensation" Process for Setting Direct Annual Compensation Targets. The range of possible payouts is expressed as a percentage of the target payment amount. The Committee sets this range based on competitive factors.

**TARGET PAYMENT AMOUNTS AND RANGE OF POSSIBLE PAYOUTS FOR 2016 ANNUAL CASH INCENTIVE PROGRAM**

|                                | Target Payment Amount | Potential Payout                   |
|--------------------------------|-----------------------|------------------------------------|
| Chief Executive Officer        | 170% of base salary   | 0% - 200% of target payment amount |
| Other Named Executive Officers | 90% of base salary    | 0% - 200% of target payment amount |



**Table of Contents**

**Compensation Discussion and Analysis** Executive Compensation for 2016

**2016 Performance Goals, Performance Assessments and Payouts**

Payment amounts under the annual cash incentive program are dependent on performance measured against corporate goals and business unit or staff function goals established by the Committee at the beginning of each year. These performance goals, which are communicated to our executives at the beginning of each year, are derived from our financial and strategic goals.

As shown in the table below, the Committee established goals for three different performance elements for 2016. It then weighted the three elements for each executive (note that the business unit or staff function performance goals did not apply to our CEO because his responsibilities are company-wide). As it does each year, the Committee chose weightings that are intended to strike an appropriate balance between aligning each executive's individual objectives with our overall corporate objectives and holding the executive accountable for performance in the executive's particular area of responsibility.

**ANNUAL CASH INCENTIVE PROGRAM 2016 PERFORMANCE GOALS AND WEIGHTS**

*\* The positions shown for Mr. Hsu and Ms. Stock are the positions held during 2016.*

**Table of Contents****Compensation Discussion and Analysis Executive Compensation for 2016**

Below we describe the three elements of performance, explain how performance was assessed for each element, and show the payouts that were determined in each case.

**ELEMENT 1: CORPORATE KEY FINANCIAL GOALS**

For 2016, the Committee chose the following as corporate key financial goals for the annual cash incentive program:

| <b>2016 Goal</b> | <b>Explanation</b>  | <b>Reason for Use as a Performance Measure</b>   |
|------------------|---|--|
| Net sales        | Net sales for 2016  | A key indicator of our overall growth  |
| Adjusted EPS     | Consists of diluted net income per share that is then adjusted to eliminate the effect of items or events that the Committee determines in its discretion should be excluded for compensation purposes <sup>(1)</sup> | A key indicator of our overall performance   |
| Adjusted OPROS   | After net sales and adjusted EPS are determined as described above, a multiplier based on adjusted OPROS is applied to the calculation result to determine the final payout percentage <sup>(2)</sup>                 | A measure of margin efficiency and a helpful method of tracking our cost structure performance |

<sup>(1)</sup> In 2016 the following adjustments were made to diluted net income per share to determine adjusted EPS:

|  |          |
|--|----------|
| Diluted Net Income Per Share                           | \$5.99   |
| Adjustment for:  |          |
| Subtract Adjustments related to Venezuelan operations  | \$(0.03) |
| Add Charges related to 2014 organization restructuring | \$0.07   |
| Adjusted EPS   | \$6.03   |

For more information regarding these adjustments, see Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2016 Annual Report on Form 10-K.

<sup>(2)</sup> For purposes of determining annual cash incentive amounts, we calculate adjusted OPROS using our reported financial results, adjusted for the same items described above in determining adjusted EPS.

Because Element 1 represents key company-wide goals, it produces the same payout percentage for each named executive officer. To determine this percentage, the Committee follows the following process.

First, it determines an initial payout percentage based on how Kimberly-Clark performed against the net sales and adjusted EPS goals established in February of each year. For 2016, the Committee set these goals and the corresponding initial payout percentages at the following levels:

| <b>Measure<br/>(each weighted 50%)</b> | <b>Range of Performance Levels</b> |                      |
|--|------------------------------------|----------------------|
|  | <b>Threshold</b>                   | <b>TargetMaximum</b> |
| Net sales (billions)                   | \$16.75                            | \$18.20\$19.66       |
| Adjusted EPS                           | \$5.55                             | \$6.05\$6.55         |
| <b>Initial Payout Percentage</b>       | <b>0%</b>                          | <b>100%200%</b>      |

Second, it applies a multiplier to this initial payout percentage. The multiplier is based on how Kimberly-Clark performed against the adjusted OPROS goals also established in February. Depending on the level of basis point improvement, the multiplier may either decrease or increase the initial payout percentage (but the amount of the final payout percentage cannot exceed a 200 percent cap).



**Table of Contents****Compensation Discussion and Analysis** Executive Compensation for 2016

For 2016, the Committee set the following ranges for this adjusted OPROS multiplier:

|   | Range of Performance Levels |              |              |
|---|-----------------------------|--------------|--------------|
|   | Threshold                   | Target       | Maximum      |
| Adjusted OPROS (bps improvement)                                      | +0 bps                      | +70 bps      | +140 bps     |
| <b>Adjusted OPROS Multiplier Applied to Initial Payout Percentage</b> | <b>0.8 x</b>                | <b>1.0 x</b> | <b>1.2 x</b> |

*Actual results.* For 2016, our net sales result was \$18.20 billion and our adjusted EPS result was \$6.03. Based on these results, the initial payout percentage was determined to be 98 percent. To this percentage, we then applied an adjusted OPROS multiplier of 1.11, which was based on the actual 2016 improvement of 110 bps.

The resulting 2016 payout percentage for achieving the corporate key financial goals was 109 percent of each named executive officer's target payment amount.

**ELEMENT 2: ADDITIONAL CORPORATE FINANCIAL AND STRATEGIC PERFORMANCE GOALS**

At the beginning of 2016, the Committee also established additional corporate financial and non-financial strategic performance goals that are intended to challenge our executives to exceed our long-term objectives. At the end of the year, it determined a payout percentage based on its assessment of the degree to which these goals are achieved.

The Committee does not use a formula to assess the performance of these goals but instead takes a holistic approach and considers performance of all the goals collectively. Although it does review each goal separately, the key consideration for the Committee is how it views Kimberly-Clark's performance for the year in all of these categories, taken as a whole.

The chart below shows the 2016 goals and how the Committee assessed Kimberly-Clark's performance against each one:

**Additional Corporate Financial and Strategic Performance Goals for 2016**

|  |   | Final Result |         |            |
|--|---|--------------|---------|------------|
|  |   | Below Goal   | At Goal | Above Goal |
| <b>Quality of earnings</b>                 | Gross profit growth percentage exceeding the net sales growth rate.   |              | X       |            |
|  | Advertising spending growth percentage exceeding the net sales growth rate.   | X            |         |            |
|  | Attaining cost savings goals.   |              |         | X          |
| <b>Brand equity and market performance</b> | Operating profit growth percentage exceeding the net sales growth rate.   |              |         | X          |
|  | Increasing market share in select markets.  |              |         | X          |
| <b>Innovation</b>                          | Attaining net sales from innovation goals (based on a rolling three-year review) in new products and line extensions in 2016. |              | X       |            |
| <b>Diversity and inclusion</b>             | Attaining net sales from innovation goals (based on launches in 2016).  |              |         | X          |
|  | Making progress on goals for women in senior roles globally and ethnic minorities in senior roles in the United States.       |              |         | X          |

**Table of Contents****Compensation Discussion and Analysis** Executive Compensation for 2016

*Actual payout percentage.* After taking into account performance on all of these goals, the Committee determined that the payout percentage for achieving these other financial and strategic goals should be 110 percent of target.

**ELEMENT 3: BUSINESS UNIT OR STAFF FUNCTION PERFORMANCE GOALS**

In addition to the performance goals established by the Committee, our CEO establishes individual business unit or staff function performance goals that are intended to challenge the executives to exceed the objectives for that unit or function. These objectives include strategic performance goals for the business units and staff functions, as well as financial goals for the business units.

Following the end of the year, the executives' performance is analyzed to determine whether performance for the goals was above target, on target or below target. Our CEO then provides the Committee with an assessment of each individual business unit's or staff function's performance against the objectives for that unit or function.

*Actual payout percentages.* Based on the assessed performance of the relevant business unit or staff function against its pre-established performance goals, and taking into account the CEO's recommendations, the Committee determined the following payout percentages for business unit or staff function performance for our named executive officers:

| Name              | 2016 Business Unit/Staff Function Payout Percentage |
|-------------------|---|
| Thomas J. Falk    | N/A   |
| Maria G. Henry    | 109%  |
| Michael D. Hsu    | 124%  |
| Anthony J. Palmer | 105%  |
| Elane B. Stock    | 87%   |

**Annual Cash Incentive Payouts for 2016**

The following table shows the payout opportunities and the actual payouts of annual cash incentives for 2016 for each of our named executive officers. Payouts were based on the payout percentages for each element, weighted for each executive as shown on page 48.

| Name              | Annual Incentive Target |            | Annual Incentive Maximum |            | 2016 Annual Incentive Payout |            |
|-------------------|-------------------------|------------|--------------------------|------------|------------------------------|------------|
|                   | % of Base               | Amount(\$) | % of Target              | Amount(\$) | % of Target                  | Amount(\$) |
| Thomas J. Falk    | 170%                    | 2,252,500  | 200%                     | 4,505,000  | 109%                         | 2,466,388  |
| Maria G. Henry    | 90%                     | 702,000    | 200%                     | 1,404,000  | 109%                         | 766,904    |
| Michael D. Hsu    | 90%                     | 756,000    | 200%                     | 1,512,000  | 117%                         | 883,540    |
| Anthony J. Palmer | 90%                     | 594,000    | 200%                     | 1,188,000  | 109%                         | 644,464    |
| Elane B. Stock    | 90%                     | 756,000    | 200%                     | 1,512,000  | 98%                          | 741,019    |

**Summary of Annual Cash Incentive Payouts: 2010 through 2016**

Generally, the Committee seeks to set the minimum, target and maximum levels such that the relative difficulty of achieving the target level is consistent from year to year. From 2010 through 2016, the total payout percentage (including business unit or staff function performance) for the executives that were designated as named executive officers in those years ranged from





**Table of Contents****Compensation Discussion and Analysis** Executive Compensation for 2016

58 percent to 132 percent of each executive's target award opportunity. The Committee believes that these payouts are consistent with how Kimberly-Clark performed during these years and reflect the pay-for-performance objectives of our executive compensation.

**PAYOUTS FOR CORPORATE GOALS AND AVERAGE TOTAL  
PAYOUT PERCENTAGES FOR DESIGNATED NAMED EXECUTIVE OFFICERS**

|   | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | Average |
|---|------|------|------|------|------|------|------|---------|
| Payout for Corporate Goals Combination of corporate key financial goals and additional corporate financial and strategic performance goals                    | 109% | 105% | 105% | 132% | 129% | 75%  | 67%  | 103%    |
| Average Total Payout Percentages (including business unit or staff function performance) for executives designated as named executive officers for year shown | 108% | 108% | 105% | 128% | 123% | 79%  | 77%  | 104%    |

**Long-Term Equity Incentive Compensation**

The Committee awards long-term equity incentive grants to executive officers as part of their overall compensation package. These awards are consistent with the Committee's objectives of aligning our senior leaders' interests with the financial interests of our stockholders, focusing on our long-term success, supporting our performance-oriented environment and offering competitive compensation packages.

Information regarding long-term equity incentive awards granted to our named executive officers can be found under Summary Compensation, Grants of Plan-Based Awards, and Discussion of Summary Compensation and Plan-Based Awards Tables.

**2016 Grants**

In determining the 2016 long-term equity incentive award amounts for our named executive officers, the Committee considered the following factors, among others: the specific responsibilities and performance of the executive, our business performance, retention needs, our stock price performance and other market factors. Because these awards are part of our annual compensation program that compares direct annual compensation to the median of our peer group comparison, grants from prior years were not

considered when setting 2016 targets or granting awards.

To determine target values, it first compared each executive's direct annual compensation to the median of our peer group, and then considered individual performance and the other factors listed above, as applicable. Target grant values were approved in February 2016 and were divided into two types:

Performance-based restricted share units (75 percent of the target grant value). For valuation purposes, each unit is assigned the same value as one share of our common stock on the date of grant.

Stock options (25 percent of the target grant value). For valuation purposes, one option has the same value as 10 percent of the price of one share of our common stock on the date of grant of the stock option.

The Committee believes this allocation between performance-based restricted share units and stock options supports the pay-for-performance and stockholder alignment objectives of its executive compensation program.

**Table of Contents****Compensation Discussion and Analysis Executive Compensation for 2016**

In addition to his annual long-term incentive award, the Committee granted a time-vested restricted share award to Mr. Palmer for retention purposes.

**Performance Goals and Potential Payouts for 2016 - 2018 Performance-Based Restricted Share Units**

For the performance-based restricted share unit awards granted in 2016, the actual number of shares to be received by our named executive officers can range from zero to 200 percent of the target levels established by the Committee for each executive, depending on the degree to which the performance objectives for these awards are met over a three-year period.

The performance objectives for the 2016 awards are based on average annual net sales growth and the average adjusted return on invested capital (ROIC) for the period January 1, 2016 through December 31, 2018. Adjusted ROIC is a measure of the return we earn on the capital invested in our businesses. It is calculated using our reported financial results, adjusted for the same items that we use in determining adjusted EPS. The formula we use to calculate adjusted ROIC can be found under the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com). The performance objectives for the awards reflect assumed annual organic sales growth of 3 to 5 percent for 2016 through 2018, with significantly unfavorable foreign exchange rate effects in 2016.

**2016 - 2018 PERFORMANCE-BASED RESTRICTED SHARE UNITS: POTENTIAL PAYOUTS AT VARYING PERFORMANCE LEVELS**

| <b>Goals (Each weighted 50%)</b>                    | <b>Performance Levels</b> |             |             |
|---|---------------------------|-------------|-------------|
| Annual net sales growth                             | (0.90)%                   | 1.60%       | 4.10%       |
| Adjusted ROIC                                       | 22.20%                    | 23.20%      | 24.20%      |
| <b>Potential Payout (as a percentage of target)</b> | <b>0%</b>                 | <b>100%</b> | <b>200%</b> |

**Payout of 2013 - 2015 Performance-Based Restricted Share Units**

In February 2016, the Committee evaluated the results of the three-year performance period for the performance-based restricted share units that were granted in 2013. The performance objectives for these 2013 awards were based on average annual adjusted net sales growth and average adjusted ROIC for the period January 1, 2013 through December 31, 2015, each weighted equally.

| <b>Goals (Each weighted 50%)</b>                    | <b>Performance Levels</b> |             |             |               |
|---|---------------------------|-------------|-------------|---------------|
| Annual adjusted net sales growth*                   | 0.50%                     | 3.00%       | 5.50%       | (0.68)%       |
| Adjusted ROIC**                                     | 15.50%                    | 16.50%      | 17.50%      | 18.42%        |
| <b>Potential Payout (as a percentage of target)</b> | <b>0%</b>                 | <b>100%</b> | <b>200%</b> | <b>Actual</b> |

\* For purposes of calculating annual adjusted net sales growth, the Committee added \$1.59 billion to 2014 net sales to neutralize the impact of the Halyard Health spin-off on October 31, 2014. The adjustment represents the estimated net sales that our health care business would have contributed in 2014 had the spin-off not occurred. The adjustment represents, (1) for January through October, the actual results for our health care business (which are reported as discontinued operations in our 2014 Annual Report on Form 10-K) and (2) for November and December, pro-forma results determined by multiplying our health care business actual year-to-date performance for January through October, expressed as a percentage of target, by the target performance level attributable to November and December.

\*\* For purposes of calculating average adjusted ROIC, the Committee (1) added \$29.8 million of lost earnings to 2014 operating profit to neutralize the impact of the Halyard Health spin-off and (2) excluded from the calculation of operating profit and invested capital the impacts of charges related to (a) the Halyard Health spinoff, (b) an exchange rate change in Venezuela, (c) our 2014 organization restructuring, (d) a regulatory dispute in the Middle East, (e) our European restructuring, (f) pension settlements, (g) our Turkey restructuring and (h) the deconsolidation of our Venezuelan operations.

**Table of Contents****Compensation Discussion and Analysis Executive Compensation for 2016**

Based on this review, the Committee determined that we exceeded our performance goal for adjusted ROIC but did not achieve our performance goal for adjusted net sales growth. As a result, the payout percentage for the share units was 100 percent of target. The following table includes information about the opportunities and payouts (including reinvested dividends) regarding these grants to our named executive officers:

| Name              | Share Amount |         | % of Target | 2013 - 2015 Performance-Based Restricted Share Unit Award (Paid in February 2016) |                                      |
|-------------------|--------------|---------|-------------|---|--------------------------------------|
|                   | Target       | Maximum |             | Amount of Shares(#)   | Value of Shares on Date Received(\$) |
| Thomas J. Falk    | 74,936       | 149,872 | 100%        | 74,936  | 9,773,902                            |
| Maria G. Henry*   |              |         |             |   |                                      |
| Michael D. Hsu    | 15,455       | 30,910  | 100%        | 15,455  | 2,015,796                            |
| Anthony J. Palmer | 11,240       | 22,480  | 100%        | 11,240  | 1,466,033                            |
| Elane B. Stock    | 9,367        | 18,734  | 100%        | 9,367   | 1,221,738                            |

\*Ms. Henry joined Kimberly-Clark after these grants were made.

The Committee believes that these payouts further highlight the link between pay and performance established by our compensation program, which seeks to align actual compensation paid to our named executive officers with our long-term performance.

The shares underlying these performance-based restricted share unit awards were distributed to our named executive officers in February 2016 and are included in the table below entitled Option Exercises and Stock Vested in 2016.

**Vesting Levels of Outstanding Performance-Based Restricted Share Unit Awards**

As of February 7, 2017, the performance-based restricted share units granted in 2016 and 2015 were on pace to vest at the following levels: 117 percent for the 2016 award and 100 percent for the 2015 award.

The Committee has determined that the 2014 award vested at 100 percent. Payouts under these awards will be reflected in 2017 compensation.

**2016 Stock Option Awards**

As noted above, 25 percent of the annual long-term equity incentive grants to executive officers in 2016 consisted of stock options. Stock option grants vest in three annual installments of 30 percent, 30 percent and 40 percent, beginning on the first anniversary of the grant date. The Committee believes that stock options help further align our executives' interest with those of our stockholders and encourage executives to remain with the company through the multi-year vesting schedule.

For purposes of determining the number of options to be granted, stock options are valued on the basis that one option has the same value as 10 percent of the price of one share of our common stock on the date of grant. The value we use for this purpose differs from, and in May 2016 was higher than, the value of approximately 8.7 percent that we use for financial statement purposes (resulting in fewer options being granted than if the financial statement value had been used). The Committee believes that this value is an appropriate way to determine the number of options to be granted because it provides more consistent application and is not subject to the volatility inherent in the valuation method (Black-Scholes-Merton) used for financial statement purposes. Information regarding stock options granted to our named executive officers can be found under Summary Compensation, Grants of Plan-Based Awards, and Discussion of Summary Compensation and Plan-Based Awards Tables.

## **Table of Contents**

### **Compensation Discussion and Analysis** Benefits and Other Compensation

#### **Benefits and Other Compensation Retirement Benefits**

Our named executive officers receive contributions from us under the Kimberly-Clark Corporation 401(k) and Profit Sharing Plan (the 401(k) Profit Sharing Plan ) and the Kimberly-Clark Supplemental Retirement 401(k) and Profit Sharing Plan (the Supplemental 401(k) Plan ) and some executive officers participate in our frozen defined benefit pension plans depending on their hire date. These plans are consistent with those maintained by our peer group companies and are therefore necessary to remain competitive with them for recruiting and retaining executive talent. The Committee believes that these retirement benefits are important parts of our compensation program. For more information, see Nonqualified Deferred Compensation 401(k) Profit Sharing Plan and Supplemental 401(k) Plan and Pension Benefits.

#### **Other Compensation**

A review conducted in 2016 indicated that perquisites provided to our executive officers are below the median of those provided by our peer group, consistent with our focus on more direct, performance-sensitive compensation. Also, the Committee has eliminated tax reimbursement and related gross-ups for perquisites (including personal use of corporate aircraft), except for certain relocation benefits, further underscoring our focus on direct compensation.

Perquisites include personal financial planning services under our Executive Financial Counseling Program, an executive health screening program where executives may receive comprehensive physical examinations from an independent health care provider, and permitted personal use of corporate aircraft consistent with our policy. The personal financial planning program is designed to provide executives with access to knowledgeable financial advisors that understand our compensation and benefit plans and can assist our executives in efficiently and effectively managing their financial and tax planning issues. Our Chief Executive Officer does not receive personal financial planning services pursuant to this program. The executive health screening program provides executives with additional services that help maintain their overall health.

Under an executive security program for our Chief Executive Officer, approved by the Board of Directors, our Chief Executive Officer is expected to use our corporate aircraft for all business and personal travel, consistent with our policy, and security services are provided for him at all times, including at his office, other company locations and his residences. Periodically, an independent security consultant conducts a security assessment, and the Board reviews the program, to ensure that security measures provided by us are appropriate. The Board considers these security arrangements to be appropriate and reasonable in light of the security risks identified in the independent security assessment. In addition, if a corporate aircraft is already scheduled for business purposes and can accommodate additional passengers, executive officers and their guests may, under certain circumstances, join flights for personal travel. The incremental cost to us of providing security services at Mr. Falk's residences and personal travel for Mr. Falk and his guests on our corporate aircraft is included in All Other Compensation in the Summary Compensation Table.

#### **Post-Termination Benefits**

We maintain two severance plans that cover our executive officers: the Severance Pay Plan and the Executive Severance Plan. An executive officer may not receive severance payments under more than one severance plan. Benefits under these plans are payable only if the executive's employment terminates under the conditions specified in the applicable plan. We believe that our severance plans are consistent with those maintained by our peer group companies and that they are therefore important for attracting and retaining executives who are critical to our long-term success and competitiveness. For more information about these severance plans and their terms, see Potential Payments on Termination or Change of Control Severance Benefits.



**Table of Contents****Compensation Discussion and Analysis** Executive Compensation for 2017**Severance Pay Plan**

Our Severance Pay Plan provides severance benefits to most of our U.S. hourly and salaried employees, including our named executive officers, who are involuntarily terminated under the circumstances described in the plan. The objective of this plan is to facilitate the employee's transition to his or her next position, and it is not intended to serve as a reward for the employee's past service.

**Executive Severance Plan**

Our Executive Severance Plan provides severance benefits to eligible employees, including our named executive officers, in the event of a qualified termination of employment (as defined in the plan) in connection with a change of control. For an eligible employee to receive a payment under this plan, two things must occur: there must be a change of control of Kimberly-Clark, and the employee must have been involuntarily terminated without cause or have resigned for good reason (as defined in the plan) within two years of the change of control (often referred to as a "double trigger"). Each of our named executive officers has entered into an agreement under the plan that expires on December 31, 2017.

## Executive Compensation for 2017 2017 Base Salary

In February 2017, the Committee approved the following base salaries for our named executive officers, effective April 1, 2017:

| Name*             | 2017 Base Salary(\$) |
|-------------------|----------------------|
| Thomas J. Falk    | 1,420,000            |
| Maria G. Henry    | 800,000              |
| Michael D. Hsu    | 925,000              |
| Anthony J. Palmer | 675,000              |

\* Ms. Stock began serving in a non-executive role effective January 1, 2017.

The Committee determined Mr. Hsu's base salary and annual cash incentive target (see below) upon his promotion to President and Chief Operating Officer effective January 1, 2017, taking into account market data for officers performing similar functions at our peer companies.

**2017 Annual Cash Incentive Targets**

In February 2017, the Committee also established objectives for 2017 annual cash incentives, which will be payable in 2018. The target payment amounts and range of possible payouts for 2017 were as follows:

|                   | Target Payment Amount | Possible Payout                    |
|-------------------|-----------------------|------------------------------------|
| Thomas J. Falk    | 170% of base salary   | 0% - 200% of target payment amount |
| Maria G. Henry    | 100% of base salary   | 0% - 200% of target payment amount |
| Michael D. Hsu    | 125% of base salary   | 0% - 200% of target payment amount |
| Anthony J. Palmer | 90% of base salary    | 0% - 200% of target payment amount |

The Committee increased Ms. Henry's target payment amount from 90 percent to 100 percent taking into account market data for the Chief Financial Officer role.





**Table of Contents**

**Compensation Discussion and Analysis** Executive Compensation for 2017

As discussed in 2016 Performance Goals, Performance Assessments and Payouts above, the Committee sets the appropriate split among the different elements of performance that make up our performance goals. The following are the 2017 performance goals and relative weights for our named executive officers:

**ANNUAL CASH INCENTIVE PROGRAM 2017 PERFORMANCE GOALS AND WEIGHTS**

The corporate key financial goals for 2017 are designed to encourage a continued focus on executing our long-term Global Business Plan objectives and include achieving net sales, adjusted EPS and adjusted OPROS goals.

The Committee also established other corporate financial and non-financial goals for 2017. These goals, intended to further align compensation with achieving our Global Business Plan, include:

Focusing on gross profit growth, advertising spending growth, cost savings and operating profit growth

Focusing on market share improvement in global markets

Driving innovation

Diversity and inclusion

In addition, goals have been established for each named executive officer, other than our Chief Executive Officer and Chief Operating Officer, relating to his or her business unit or specific staff function.

**Table of Contents****Compensation Discussion and Analysis** Executive Compensation for 2017**2017 Long-Term Equity Compensation Incentive Awards**

In February 2017, the Committee approved long-term incentive compensation awards for the named executive officers consisting of awards of performance-based restricted share units with a value equal to 75 percent of the target grant value for long-term equity incentive compensation, with the balance of the value to be granted in stock options. The performance objectives for the performance-based restricted share unit awards granted in 2017 are based on average annual net sales growth and average adjusted ROIC improvement for the period January 1, 2017 through December 31, 2019. The target number of performance-based restricted share units our named executive officers will receive will be based on the fair market value of our stock on the date of grant, which is scheduled for February 28, 2017. The actual number of shares they will receive will range from zero to 200 percent of the target levels established by the Committee for each executive, depending on the degree to which the performance objectives are met.

**PERFORMANCE-BASED RESTRICTED SHARE UNITS TO BE GRANTED IN 2017**

| <b>Name</b>       | <b>Target Value(\$)</b> | <b>Maximum Value(\$)</b> |
|-------------------|-------------------------|--------------------------|
| Thomas J. Falk    | 7,500,000               | 15,000,000               |
| Maria G. Henry    | 2,137,500               | 4,275,000                |
| Michael D. Hsu    | 2,700,000               | 5,400,000                |
| Anthony J. Palmer | 1,162,500               | 2,325,000                |

In February 2017, the Committee also approved the dollar amount of stock options to be granted to our named executive officers in April 2017, along with our annual stock option grants to other employees. The number of options they will receive will be based on the fair market value of our stock on the date of grant.

| <b>Name</b>       | <b>Value of Stock Options to be Granted(\$)</b> |
|-------------------|---|
| Thomas J. Falk    | 2,500,000                                       |
| Maria G. Henry    | 712,500   |
| Michael D. Hsu    | 900,000   |
| Anthony J. Palmer | 387,500   |

## **Table of Contents**

### **Compensation Discussion and Analysis** Additional Information about Our Compensation Practices

#### **Additional Information about Our Compensation Practices**

As a matter of sound governance, we follow certain practices with respect to our compensation program. We regularly review and evaluate our compensation practices in light of regulatory developments, market standards and other considerations.

#### **Use of Independent Compensation Consultant**

As previously discussed, the Committee engaged Semler Brossy Consulting Group as its independent consultant to assist it in determining the appropriate executive officer compensation in 2016 under our compensation policies described above. Consistent with the Committee's policy in which its independent consultant may provide services only to the Committee, Semler Brossy had no other business relationship with Kimberly-Clark and received no payments from us other than fees and expenses for services to the Committee. See Corporate Governance - Management Development and Compensation Committee for information about the use of compensation consultants.

#### **Adjustment of Financial Measures for Annual and Long-Term Equity Incentives**

Financial measures for the annual and long-term equity incentive programs are developed based on expectations about our planned activities and reasonable assumptions about the performance of our key business drivers for the applicable period. From time to time, however, discrete items or events may arise that were not contemplated by these plans or assumptions. These could include accounting and tax law changes, tax credits or charges from items not within the ordinary course of our business operations, charges relating to currency exchange rate changes, restructuring and write-off charges, significant acquisitions or dispositions, and significant gains or losses from litigation settlements.

Under the Committee's exception guidelines regarding our annual and long-term equity incentive program measures, the Committee has adjusted in the past, and may adjust in the future, the calculation of financial measures for these incentive programs to eliminate the effect of the types of items or events described above. In making these adjustments, the Committee's policy is to seek to neutralize the impact of the unexpected or unplanned items or events, whether positive or negative, in order to provide consistent and equitable incentive payments that the Committee believes are reflective of our performance. In considering whether to make a particular adjustment under its guidelines, the Committee will review whether the item or event was one for which management was responsible and accountable, treatment of similar items in prior periods, the extent of the item's or event's impact on the financial measure, and the item's or event's characteristics relative to normal and customary business practices. Generally, the Committee will apply an adjustment to all compensation that is subject to that financial measure.

#### **Pricing and Timing of Stock Option Grants and Timing of Performance-Based Equity Grants**

Our policies and our 2011 Equity Participation Plan (the 2011 Plan) require stock options to be granted at no less than the closing price of our common stock on the date of grant. Stock option grants to our elected officers, including our executive officers, are generally made annually at a meeting of the Committee that is scheduled at least one year in advance, and the grants are effective on the date of this meeting. However, if the meeting occurs during the period beginning on the first day of the final month of a calendar quarter and ending on the date of our earnings release, the stock option grants will not be effective until the first business day following the earnings release. Our executives are not permitted to choose the grant date for their individual stock option grants.



**Table of Contents**

**Compensation Discussion and Analysis** Additional Information about Our Compensation Practices

The Chairman of the Board and Chief Executive Officer has been delegated the authority to approve equity grants, including stock options, to employees who are not elected officers of Kimberly-Clark. These grants include scheduled annual grants, which are subject to an annual limit set by the Committee, and recruiting and special employee recognition and retention grants, which may not exceed 200,000 shares in any calendar year. The Chairman of the Board and Chief Executive Officer is not permitted to make any grants to any of our elected officers, including our executive officers.

Annual stock option grants to non-elected officers are effective on the same date as the annual stock option grants to our elected officers. Recruiting, special recognition and retention stock-based awards are made on pre-determined dates following our quarterly earnings releases. In May 2016, our Chief Executive Officer authorized an aggregate of 1.56 million options, performance-based restricted share units and time-vested restricted share units to employees who are not elected officers. In 2016, our Chief Executive Officer also authorized an aggregate of 56,091 shares underlying recruiting and retention grants, consisting of options, performance-based restricted share units and time-vested restricted share units.

With respect to grants of performance-based restricted share units to executive officers, the Committee's current practice is to approve the dollar value of the grants at its February meeting and the grants are effective on the last business day of February. (Prior to 2016, grants were effective on the date of the Committee's February meeting.) We believe this practice is consistent with award practices at other large public companies. Our executives are not permitted to choose the grant date for their individual restricted stock or restricted share unit awards.

**Policy on Incentive Compensation Clawback**

As described in detail above, a significant percentage of our executive officer compensation is incentive-based. The determination of the extent to which the incentive objectives are achieved is based in part on the Committee's discretion and in part on our published financial results. The Committee has the right to reassess its determination of the performance awards if the financial statements on which it relied are restated. The Committee has the right to direct Kimberly-Clark to seek to recover from any executive officer any amounts determined to have been inappropriately received by the individual executive officer. In addition, under the 2011 Plan, the Committee may require awards with performance goals under the 2011 Plan to be subject to any policy we may adopt relating to the recovery of that award to the extent it is determined that performance goals relating to the awards were not actually achieved. Further, the Sarbanes-Oxley Act of 2002 mandates that the chief executive officer and the chief financial officer reimburse us for any bonus or other incentive-based or equity-based compensation paid to them in a year following the issuance of financial statements that are later required to be restated as a result of misconduct. The Committee intends to review and revise the incentive compensation clawback policy once the SEC issues final regulations on clawbacks under the Dodd-Frank legislation enacted in 2010.

**Stock Ownership Guidelines**

We strongly believe that the financial interests of our executives should be aligned with those of our stockholders. Accordingly, the Committee has established stock ownership guidelines for our elected officers, including our named executive officers.

**TARGET STOCK OWNERSHIP AMOUNTS**

| <b>Position</b>                | <b>Ownership Level</b>         |
|--------------------------------|--------------------------------|
| Chief Executive Officer        | Six times annual base salary   |
| Other named executive officers | Three times annual base salary |

## **Table of Contents**

### **Compensation Discussion and Analysis** Additional Information about Our Compensation Practices

Failure to attain these targeted stock ownership levels within five years from date of hire for, or appointment to, an eligible position can result in the reduction of part or all of the executive's annual cash incentive (with a corresponding grant of time-vested restricted share units or restricted stock in that amount), or a reduction in future long-term equity incentive awards, either of which may continue until the ownership guideline is achieved. In determining whether our stock ownership guidelines have been met, any time-vested restricted share units held are counted as owned, but performance-based restricted share units are excluded until they vest. Executive officer stock ownership levels were reviewed in 2016 for compliance with these guidelines. Based on our stock price as of the compliance date for this review, the stock ownership levels specified by the guidelines have been met or exceeded by each of our named executive officers.

### **Insider Trading Policy; Anti-Hedging and Pledging Policy**

We require all executive officers to pre-clear transactions involving our common stock (and other securities related to our common stock) with our Legal Department.

Our insider trading policy prohibits any director, executive officer or any other officer or employee subject to its terms (approximately 300 people) from entering into short sales or derivative transactions to hedge their economic exposure to our common stock. In addition, these directors, officers and employees are prohibited from pledging our stock, including through holding our stock in margin accounts.

### **Committee Exercise of Discretion to Reduce Annual Cash Incentive Payment**

In establishing performance goals and target levels under the annual cash incentive program, the Committee is exercising its discretion to limit the amount of the incentive payments, consistent with our pay-for-performance objective. In the absence of this exercise of discretion, each of the executive officers would be entitled to an award equal to 0.3 percent of our earnings before unusual items; however, the Committee has exercised its discretion to limit the amount of the incentive payments each year of the program, and this potential maximum award has never been paid to any of the executive officers.

### **Corporate Tax Deduction for Executive Compensation**

The United States income tax laws generally limit the deductibility of compensation paid to the chief executive officer and each of the three highest-paid executive officers (not including the chief financial officer) to \$1,000,000 per annum. However, an exception exists for performance-based compensation that meets certain regulatory requirements. Several classes of our executive compensation, including option awards and portions of our long-term equity grants to executive officers, are designed to meet the requirements for deductibility. Other classes of our executive compensation, including portions of the long-term equity grants described above, may be subject to the \$1,000,000 deductibility limit.

Although deductibility of compensation is preferred, tax deductibility is not a primary objective of our compensation programs. In the Committee's view, meeting the compensation objectives set forth above is more important than the benefit of being able to deduct the compensation for tax purposes.

**Table of Contents**

**Compensation Discussion and Analysis** Management Development and Compensation Committee Report

**Management Development and Compensation Committee Report**

In accordance with its written charter adopted by the Board, the Management Development and Compensation Committee has oversight of compensation policies designed to align elected officers' compensation with our overall business strategy, values and management initiatives. In discharging its oversight responsibility, the Committee has retained an independent compensation consultant to advise the Committee regarding market and general compensation trends.

The Committee has reviewed and discussed the Compensation Discussion and Analysis with our management, which has the responsibility for preparing the Compensation Discussion and Analysis. Based upon this review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2016.

MANAGEMENT DEVELOPMENT AND COMPENSATION  
COMMITTEE OF THE BOARD OF DIRECTORS

Abelardo E. Bru, Chairman  
Fabian T. Garcia  
Mae C. Jemison, M.D.  
Marc J. Shapiro

**Table of Contents**

**Compensation Discussion and Analysis** Analysis of Compensation-Related Risks

**Analysis of  
Compensation-  
Related Risks**

The Committee, with the assistance of its independent consultant and Kimberly-Clark's compensation consultant, has reviewed an assessment of our compensation programs for our employees, including our executive officers, to analyze the risks arising from our compensation systems.

Based on this assessment, the Committee believes that the design of our compensation programs, including our executive compensation program, does not encourage our executives or employees to take excessive risks and that the risks arising from these programs are not reasonably likely to have a material adverse effect on Kimberly-Clark.

Several factors contributed to the Committee's conclusion, including:

The Committee believes Kimberly-Clark maintains a values-driven, ethics-based culture supported by a strong tone at the top.

The performance targets for annual cash incentive programs are selected to ensure that they are reasonably attainable in a manner consistent with our Global Business Plan without encouraging executives or employees to take inappropriate risks.

An analysis by Kimberly-Clark's consultant indicated that our compensation programs are consistent with those of our peer group. In addition, the analysis noted that target levels for direct annual compensation are comparable to the median of our peer group.

The Committee believes the allocation among the components of direct annual compensation provides an appropriate balance between annual and long-term incentives and between fixed and performance-based compensation.

Annual cash incentives and long-term performance-based restricted share unit awards under our executive compensation program are capped at 200 percent of the target award, and all other material non-executive cash incentive programs are capped at reasonable levels, which the Committee believes protects against disproportionately large incentives.

The Committee believes the performance measures and the multi-year vesting features of the long-term equity incentive compensation component encourage participants to seek sustainable growth and value creation.

The Committee believes inclusion of share-based compensation through the long-term equity incentive compensation component encourages appropriate decision-making that is aligned with the long-term interests of stockholders.

Our stock ownership guidelines further align the interests of management and stockholders.



**Table of Contents**

## Compensation Tables

**Summary Compensation**

The following table contains information concerning compensation awarded to, earned by, or paid to our named executive officers in the last three years. Additional information regarding the items reflected in each column appears below the table and on page 69.

**SUMMARY COMPENSATION TABLE**

| Name and Principal Position                       | Year | Salary(\$) | Stock Awards(\$) | Option Awards(\$) | Non-Equity Incentive Plan Compensation(\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings(\$) <sup>(1)</sup> | All Other Compensation(\$) | Total (\$) |
|---|------|------------|------------------|-------------------|--|--|----------------------------|------------|
| Thomas J. Falk                                    | 2016 | 1,318,750  | 7,499,938        | 2,172,360         | 2,466,388                                  | 1,921,772  | 302,898                    | 15,682,106 |
| Chairman of the Board and Chief Executive Officer | 2015 | 1,300,000  | 6,749,972        | 1,501,759         | 2,310,615                                  |  | 298,147                    | 12,160,493 |
| Maria G. Henry <sup>(2)</sup>                     | 2014 | 1,300,000  | 6,749,976        | 1,601,556         | 2,328,677                                  | 3,057,191  | 357,781                    | 15,395,181 |
| Senior Vice President and Chief Financial Officer | 2016 | 772,500    | 1,799,964        | 521,367           | 766,904                                    |  | 129,726                    | 3,990,461  |
| Michael D. Hsu <sup>(3)</sup>                     | 2015 | 511,364    | 1,649,949        | 367,098           | 712,483                                    |  | 205,333                    | 3,446,227  |
| President and Chief Operating Officer             | 2016 | 833,750    | 1,987,466        | 575,674           | 883,540                                    |  | 145,955                    | 4,426,385  |
| Anthony J. Palmer                                 | 2015 | 805,000    | 1,800,015        | 400,471           | 890,683                                    |  | 112,835                    | 4,009,004  |
| President Global Brands and Innovation            | 2014 | 746,250    | 1,500,044        | 355,899           | 671,545                                    |  | 113,808                    | 3,387,546  |
| Elane B. Stock <sup>(4)</sup>                     | 2016 | 655,000    | 1,818,727        | 309,565           | 644,464                                    |  | 108,578                    | 3,536,334  |
| Former Group President K-C International          | 2015 | 636,250    | 1,050,055        | 233,605           | 596,465                                    |  | 94,106                     | 2,610,481  |
|   | 2014 | 622,500    | 1,049,965        | 249,128           | 587,070                                    |  | 99,397                     | 2,608,060  |
|   | 2016 | 833,750    | 1,987,466        | 575,674           | 741,019                                    |  | 139,452                    | 4,277,361  |
|   | 2015 | 805,000    | 1,800,015        | 400,471           | 771,904                                    |  | 118,593                    | 3,895,983  |
|   | 2014 | 718,750    | 1,500,044        | 355,899           | 752,650                                    |  | 89,434                     | 3,416,777  |

<sup>(1)</sup> For 2015, the aggregate value of pension benefits for Mr. Falk decreased by \$614,183. Because this amount decreased, it has been excluded from the table above under the SEC's regulations. No other named executive officer participates in our pension plans.

<sup>(2)</sup> Ms. Henry was not a named executive officer in 2014. Therefore, no compensation information for this year appears in this table for this officer.

<sup>(3)</sup> Mr. Hsu served as Group President K-C North America during 2016. He was promoted to President and Chief Operating Officer effective January 1, 2017.

<sup>(4)</sup> Ms. Stock served as Group President K-C International during 2016. Effective January 1, 2017, she no longer serves in such capacity as a result of the elimination of the role from our organizational structure. She is currently serving in a non-executive role for a transition period.

**Table of Contents****Compensation Tables**

*Salary.* The amounts in this column represent base salary earned during the year.

*Stock Awards and Option Awards.* The amounts in these columns reflect the dollar value of restricted share unit awards and stock options, respectively, granted under our stockholder-approved 2011 Plan.

The restricted share unit awards either vest over time or are based on the achievement of performance-based standards.

The amounts for each year represent the grant date fair value of the awards, computed in accordance with ASC Topic 718. See Notes 8, 8, and 10 to our audited consolidated financial statements included in our Annual Reports on Form 10-K for 2016, 2015 and 2014, respectively, for the assumptions we used in valuing and expensing these restricted share units and stock option awards in accordance with ASC Topic 718.

For awards that are subject to performance conditions, the value is based on the probable outcome of the conditions at grant date. This value, as well as the value of the awards at the grant date assuming the highest level of performance conditions will be achieved and using the grant date stock price, is set forth below:

| Name              | Year | Stock Awards at<br>Grant Date Value(\$) | Stock Awards at Highest Level<br>of Performance Conditions(\$) |
|-------------------|------|---|--|
| Thomas J. Falk    | 2016 | 7,499,938                               | 14,999,876   |
|                   | 2015 | 6,749,972                               | 13,499,944   |
|                   | 2014 | 6,749,976                               | 13,499,952   |
| Maria G. Henry    | 2016 | 1,799,964                               | 3,599,928  |
|                   | 2015 | 1,649,949                               | 3,299,898  |
| Michael D. Hsu    | 2016 | 1,987,466                               | 3,974,932  |
|                   | 2015 | 1,800,015                               | 3,600,030  |
|                   | 2014 | 1,500,044                               | 3,000,088  |
| Anthony J. Palmer | 2016 | 1,068,721                               | 2,137,442  |
|                   | 2015 | 1,050,055                               | 2,100,110  |
|                   | 2014 | 1,049,965                               | 2,099,930  |
| Elane B. Stock    | 2016 | 1,987,466                               | 3,974,932  |
|                   | 2015 | 1,800,015                               | 3,600,030  |
|                   | 2014 | 1,500,044                               | 3,000,088  |

*Non-Equity Incentive Plan Compensation.* The amounts in this column are the annual cash incentive payments described in Compensation Discussion and Analysis. These amounts were earned during the years indicated and were paid to our named executive officers in February of the following year.

**Table of Contents****Compensation Tables**

*Change In Pension Value and Nonqualified Deferred Compensation Earnings.* The amounts in this column reflect the aggregate change during the year in actuarial present value of accumulated benefits under all defined benefit and actuarial plans (including supplemental pension plans). With respect to the supplemental pension plans, amounts have been calculated to reflect an approximate 30-year Treasury bond rate to determine the amount of the earlier retirement age lump sum benefit in a manner consistent with our financial statements. We describe the assumptions we used in determining the amounts and provide additional information about these plans in Pension Benefits.

Mr. Falk has compensation from before 2005 that he elected to defer pursuant to a Deferred Compensation Plan then in effect. Beginning in 2010, each of our named executive officers participates in the Supplemental 401(k) Plan, a non-qualified defined contribution plan. Earnings on each of these plans are not included in the Summary Compensation Table because the earnings were not above-market or preferential. See Nonqualified Deferred Compensation for a discussion of these plans and each named executive officer's earnings under these plans in 2016.

*All Other Compensation.* All other compensation consists of the following:

| Name              | Year | Perquisites<br>(\$) <sup>(1)</sup> | Defined Contribution<br>Plan Amounts (\$) <sup>(2)</sup> | Tax<br>Gross-Ups <sup>(3)</sup> | Total<br>(\$) <sup>(4)</sup> |
|-------------------|------|------------------------------------|--|---------------------------------|------------------------------|
| Thomas J. Falk    | 2016 | 12,549                             | 290,349  |                                 | 302,898                      |
|                   | 2015 | 40,511                             | 257,636  |                                 | 298,147                      |
|                   | 2014 | 63,196                             | 294,585  |                                 | 357,781                      |
| Maria G. Henry    | 2016 | 10,927                             | 118,799  |                                 | 129,726                      |
|                   | 2015 | 148,326                            | 36,207   | 20,800                          | 205,333                      |
| Michael D. Hsu    | 2016 | 8,000                              | 137,955  |                                 | 145,955                      |
|                   | 2015 | 8,000                              | 104,835  |                                 | 112,835                      |
|                   | 2014 | 13,128                             | 100,680  |                                 | 113,808                      |
| Anthony J. Palmer | 2016 | 8,000                              | 100,578  |                                 | 108,578                      |
|                   | 2015 | 7,250                              | 86,856   |                                 | 94,106                       |
|                   | 2014 | 7,300                              | 92,097   |                                 | 99,397                       |
| Elane B. Stock    | 2016 | 11,000                             | 128,452  |                                 | 139,452                      |
|                   | 2015 | 8,000                              | 110,593  |                                 | 118,593                      |
|                   | 2014 | 8,000                              | 81,434   |                                 | 89,434                       |

**Table of Contents****Compensation Tables**

<sup>(1)</sup> Perquisites. For a description of the perquisites we provide executive officers, and the reasons why, see *Compensation Discussion and Analysis Benefits and Other Compensation Other Compensation*. Perquisites for our named executive officers in 2016 included the following:

| Name              | Executive Financial Counseling Program(\$) <sup>(a)</sup> | Personal Use of Corporate Aircraft(\$) | Security Services(\$) | Executive Health Screening Program(\$) | Total(\$) |
|-------------------|---|--|-----------------------|--|-----------|
| Thomas J. Falk    |   | 8,336                                  | 3,613                 | 600                                    | 12,549    |
| Maria G. Henry    | 10,927  |  |                       |  | 10,927    |
| Michael D. Hsu    | 8,000   |  |                       |  | 8,000     |
| Anthony J. Palmer | 8,000   |  |                       |  | 8,000     |
| Elane B. Stock    | 8,000   |  |                       | 3,000                                  | 11,000    |

(a) Our Chief Executive Officer does not receive personal financial counseling under this program.

<sup>(2)</sup> Defined Contribution Plan Amounts. Matching contributions were made under the 401(k) Profit Sharing Plan and accrued under the Supplemental 401(k) Plan in 2016, 2015 and 2014 for all named executive officers, as applicable. A profit-sharing contribution was also made under the 401(k) Profit Sharing Plan and the Supplemental 401(k) Plan in early 2017, 2016 and 2015 with respect to our performance in 2016, 2015 and 2014, respectively, for the named executive officers as follows:

| Name              | Performance Year | Profit Sharing Contribution(\$) |
|-------------------|------------------|---------------------------------|
| Thomas J. Falk    | 2016             | 145,175                         |
|                   | 2015             | 112,489                         |
|                   | 2014             | 126,251                         |
| Maria G. Henry    | 2016             | 59,399                          |
|                   | 2015             | 15,852                          |
| Michael D. Hsu    | 2016             | 68,977                          |
|                   | 2015             | 45,773                          |
|                   | 2014             | 43,148                          |
| Anthony J. Palmer | 2016             | 50,289                          |
|                   | 2015             | 37,923                          |
|                   | 2014             | 39,470                          |
| Elane B. Stock    | 2016             | 64,226                          |
|                   | 2015             | 48,287                          |
|                   | 2014             | 34,900                          |

See *Nonqualified Deferred Compensation* for a discussion of these plans. The profit sharing contribution varies depending on our performance for the applicable year, contributing to fluctuations from year to year in the amounts in the *All Other Compensation* column.

<sup>(3)</sup> Tax Gross Ups. The amount shown for Ms. Henry reflects tax reimbursement for moving and related expenses incurred for a relocation in connection with joining the company.

Certain Dividends. Dividend equivalents on unvested performance-based and time-vested restricted share units are accumulated and will be paid in additional shares after the restricted share units vest, based on the actual number of shares that vest. See *Outstanding Equity Awards* for information on these reinvested dividend equivalents. In connection with the Halyard Health spin-off on October 31, 2014, performance-based restricted share units and time-vested restricted share units (and the dividend equivalents credited to these restricted share units equal to cash dividends on our Common Stock as described above) were credited with reinvested dividend equivalents equal to the value of the Halyard Health stock dividend distributed on our common stock to maintain the value of the awards before and after the spin-off.

**Table of Contents****Compensation Tables****Grants of Plan-Based Awards**

The following table sets forth plan-based awards granted to our named executive officers during 2016 on a grant-by-grant basis.

**GRANTS OF PLAN-BASED AWARDS IN 2016**

| Name              | Grant Type                  | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup> |             |              | Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup> |            |             | All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(3)</sup> | All Other Option Awards: Number of Securities or Underlying Options (#) <sup>(4)</sup> | Exercise Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards (\$) <sup>(5)</sup> |
|-------------------|-----------------------------|------------|--|-------------|--------------|--|------------|-------------|---|--|---|--|
|                   |                             |            | Threshold (\$)   | Target (\$) | Maximum (\$) | Threshold (#)  | Target (#) | Maximum (#) |   |  |   |  |
| Thomas J. Falk    | Annual cash incentive award |            |  | 2,252,500   | 4,505,000    |  |            |             |   |  |   |  |
|                   | Performance-based RSU       | 2/29/2016  |  |             |              | 57,559   | 115,118    |             |   |  | 7,499,938                               |  |
|                   | Time-vested stock option    | 5/3/2016   |  |             |              |  |            |             | 198,208   | 126.13   | 2,172,360                               |  |
| Maria G. Henry    | Annual cash incentive award |            |  | 702,000     | 1,404,000    |  |            |             |   |  |   |  |
|                   | Performance-based RSU       | 2/29/2016  |  |             |              | 13,814   | 27,628     |             |   |  | 1,799,964                               |  |
|                   | Time-vested stock option    | 5/3/2016   |  |             |              |  |            |             | 47,570  | 126.13   | 521,367                                 |  |
| Michael D. Hsu    | Annual cash incentive award |            |  | 756,000     | 1,512,000    |  |            |             |   |  |   |  |
|                   | Performance-based RSU       | 2/29/2016  |  |             |              | 15,253   | 30,506     |             |   |  | 1,987,466                               |  |
|                   | Time-vested stock option    | 5/3/2016   |  |             |              |  |            |             | 52,525  | 126.13   | 575,674                                 |  |
| Anthony J. Palmer | Annual cash incentive award |            |  | 594,000     | 1,188,000    |  |            |             |   |  |   |  |
|                   | Performance-based RSU       | 2/29/2016  |  |             |              | 8,202  | 16,404     |             |   |  | 1,068,721                               |  |
|                   | Time-vested stock option    | 5/3/2016   |  |             |              |  |            |             | 28,245  | 126.13   | 309,565                                 |  |
|                   | Time-vested RSU             | 2/29/2016  |  |             |              |  |            | 5,756       |   |  | 750,006                                 |  |
| Elane B. Stock    | Annual cash incentive award |            |  | 756,000     | 1,512,000    |  |            |             |   |  |   |  |
|                   | Performance-based RSU       | 2/29/2016  |  |             |              | 15,253   | 30,506     |             |   |  | 1,987,466                               |  |
|                   | Time-vested stock option    | 5/3/2016   |  |             |              |  |            |             | 52,525  | 126.13   | 575,674                                 |  |

*Represents the potential annual performance-based incentive cash payments each named executive officer could earn in 2016. These awards were granted under our Executive Officer Achievement Award Program, which is our annual cash incentive program for executive officers, which was approved by stockholders in 2002. Actual amounts earned in 2016 were based on the 2016 objectives established by the Management Development and Compensation Committee at its February 10, 2016 meeting. See Compensation Discussion and Analysis Executive Compensation for 2016 Annual Cash Incentive Program. At the time of the grant, the incentive payment could range from the threshold amount to the maximum amount depending on the extent to which the 2016 objectives were met. The actual amounts paid in 2017 based on the 2016 objectives are set forth in the Summary Compensation Table under the column entitled Non-Equity Incentive Plan Compensation.*

*(2) Performance-based restricted share units granted under the 2011 Plan to our named executive officers on February 29, 2016. The number of performance-based restricted share units granted in 2016 that will ultimately vest on the third anniversary of the grant date could range from the*

*threshold number to the maximum number depending on the extent to which the average annual net sales growth and average adjusted ROIC performance objectives for those awards are met. See Compensation Discussion and Analysis Long-Term Equity Incentive Compensation 2016 Grants.*

## **Table of Contents**

### **Compensation Tables**

(3) *Time-vested restricted stock units granted under the 2011 Plan to Mr. Palmer on February 29, 2016.*

(4) *Time-vested stock options granted under the 2011 Plan to our named executive officers on May 3, 2016.*

*Grant date fair value is determined in accordance with ASC Topic 718 and, for performance-based restricted share units, is the value at grant date based on the probable outcome of the performance condition and is consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date, excluding the effect of estimated forfeitures. See Notes 8, 8 and 10 to our audited consolidated financial statements included in our Annual Reports on Form 10-K for 2016, 2015 and 2014, respectively, for the assumptions used in valuing and expensing these restricted share units and stock option awards in accordance with ASC Topic 718.*

### **Discussion of Summary Compensation and Plan-Based Awards Tables**

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the Grants of Plan-Based Awards in 2016 table was paid or awarded, are described under Compensation Discussion and Analysis.

Other than the executive severance plans described below, none of our named executive officers has an employment agreement with us. See Potential Payments on Termination or Change of Control.

Executive officers may receive long-term equity incentive awards of stock options, restricted stock or restricted share units, or a combination of stock options, restricted stock and restricted share units under the 2011 Plan, which was approved by stockholders in 2011. The 2011 Plan provides the Committee with discretion to require performance-based standards to be met before awards vest. The Committee awarded time-vested restricted share units to Mr. Palmer in 2016 for retention purposes which vest on the third anniversary of the date of grant. In 2016, each named executive officer received grants of stock options and performance-based restricted share units under the 2011 Plan.

For grants of stock options, the 2011 Plan provides that the option price per share shall be no less than the closing price per share of our common stock at the grant date. The term of any option is no more than ten years from the grant date. Options granted in 2016 become exercisable in three annual installments of 30 percent, 30 percent and 40 percent, beginning on the first anniversary of the grant date; however, all of the options become exercisable for the earlier of three years or the remaining term of the options upon death or total and permanent disability, and for the earlier of five years or the remaining term of the options, upon retirement of the officer. In addition, options generally become exercisable upon a termination of employment following a change of control, and certain options granted to our named executive officers are subject to our Executive Severance Plan. See Potential Payments on Termination or Change of Control. The officers may transfer the options to family members or certain entities in which family members have interests.

Performance-based restricted share unit awards granted in 2016 vest three years following the grant date in a range from zero to 200 percent of the target levels. Awards that vest, if any, are based on our average annual net sales growth and average adjusted ROIC performance during the three years. As of February 7, 2017, the performance-based restricted share units granted in 2016 and 2015 were on pace to vest at the following levels: 117 percent for the 2016 award and 100 percent for the 2015 award. The Committee has determined that the 2014 award vested at 100 percent.

Dividend equivalents on unvested performance-based restricted share units equal to cash dividends on our common stock are accumulated and will be paid in additional shares after the performance-based restricted share units vest, based on the actual number of shares that vest, if any. Dividend equivalents on the time-vested restricted share units granted to Mr. Palmer in 2016 will be accumulated and paid in additional shares when the time-vested restricted share units vest.

**Table of Contents****Compensation Tables****Outstanding Equity Awards**

The following table sets forth information concerning outstanding equity awards for our named executive officers as of December 31, 2016. Option awards were granted for ten-year terms, ending on the option expiration date set forth in the table. Stock awards were granted as indicated in the footnotes to the table. Where applicable, the numbers of shares subject to option awards and option exercise prices in this table and throughout this proxy statement reflect adjustments for the Halyard Health spin-off on October 31, 2014.

**OUTSTANDING EQUITY AWARDS AS OF DECEMBER 31, 2016<sup>(1)</sup>**

| Name              | Grant Date | Option Awards <sup>(2)</sup>  |   |   |                        | Stock Awards  |   |   |   |
|-------------------|------------|---|---|---|------------------------|---|---|---|---|
|                   |            | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) <sup>(3)</sup> | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) <sup>(4)(5)</sup> | Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(6)</sup> | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(4)(7)</sup> | Equity Incentive Plan Awards: Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(6)</sup> |
| Thomas J. Falk    | 5/3/2016   |   | 198,208   | 126.13                                    | 5/3/2026               |   |   |   |   |
|                   | 2/29/2016  |   |   |   |                        |   |   | 117,541   | 13,413,779  |
|                   | 4/29/2015  | 60,964  | 142,251   | 110.72                                    | 4/29/2025              |   |   |   |   |
|                   | 2/17/2015  |   |   |   |                        |   |   | 63,900  | 7,292,268   |
|                   | 4/30/2014  |   | 83,717  | 107.51                                    | 4/30/2024              |   |   |   |   |
| Maria G. Henry    | 2/25/2014  |   |   |   |                        |   |   | 69,486  | 7,929,742   |
|                   | 5/3/2016   |   | 47,570  | 126.13                                    | 5/3/2026               |   |   |   |   |
|                   | 2/29/2016  |   |   |   |                        |   |   | 28,209  | 3,219,211   |
|                   | 4/29/2015  | 14,902  | 34,773  | 110.72                                    | 4/29/2025              |   |   |   |   |
| Michael D. Hsu    | 4/29/2015  |   |   |   |                        |   |   | 15,569  | 1,776,734   |
|                   | 5/3/2016   |   | 52,525  | 126.13                                    | 5/3/2026               |   |   |   |   |
|                   | 2/29/2016  |   |   |   |                        |   |   | 31,148  | 3,554,610   |
|                   | 4/29/2015  | 16,257  | 37,934  | 110.72                                    | 4/29/2025              |   |   |   |   |
|                   | 2/17/2015  |   |   |   |                        |   |   | 17,040  | 1,944,605   |
| Anthony J. Palmer | 4/30/2014  | 27,903  | 18,605  | 107.51                                    | 4/30/2024              |   |   |   |   |
|                   | 2/25/2014  |   |   |   |                        |   |   | 15,442  | 1,762,241   |
|                   | 5/1/2013   | 41,698  |   | 98.92                                     | 5/1/2023               |   |   |   |   |
|                   | 5/3/2016   |   | 28,245  | 126.13                                    | 5/3/2026               |   |   |   |   |
|                   | 2/29/2016  |   |   |   |                        | 5,877   | 670,683   | 16,749  | 1,911,396   |
| Elane B. Stock    | 2/29/2016  |   |   |   |                        |   |   |   |   |
|                   | 4/29/2015  | 9,483   | 22,128  | 110.72                                    | 4/29/2025              |   |   |   |   |
|                   | 2/17/2015  |   |   |   |                        |   |   | 9,941   | 1,134,467   |
|                   | 4/30/2014  | 19,533  | 13,023  | 107.51                                    | 4/30/2024              |   |   |   |   |
|                   | 2/25/2014  |   |   |   |                        |   |   | 10,809  | 1,233,523   |
| Elane B. Stock    | 5/1/2013   | 30,325  |   | 98.92                                     | 5/1/2023               |   |   |   |   |
|                   | 5/3/2016   |   | 52,525  | 126.13                                    | 5/3/2026               |   |   |   |   |
|                   | 2/29/2016  |   |   |   |                        |   |   | 31,148  | 3,554,610   |
|                   | 4/29/2015  | 16,257  | 37,934  | 110.72                                    | 4/29/2025              |   |   |   |   |
|                   | 2/17/2015  |   |   |   |                        |   |   | 17,040  | 1,944,605   |
| Elane B. Stock    | 4/30/2014  | 27,903  | 18,605  | 107.51                                    | 4/30/2024              |   |   |   |   |
|                   | 2/25/2014  |   |   |   |                        |   |   | 15,442  | 1,762,241   |



Edgar Filing: KIMBERLY CLARK CORP - Form DEF 14A

|           |        |       |           |
|-----------|--------|-------|-----------|
| 5/1/2013  | 25,272 | 98.92 | 5/1/2023  |
| 5/2/2012  | 11,168 | 75.22 | 5/2/2022  |
| 4/26/2011 | 6,767  | 62.07 | 4/26/2021 |

**Table of Contents****Compensation Tables**

- (1) The amounts shown reflect outstanding equity awards granted under the 2011 Plan. Under the 2011 Plan, an executive officer may receive awards of stock options, restricted stock or restricted share units, or a combination of stock options, restricted stock and restricted share units. Stock options granted under the 2011 Plan become exercisable in three annual installments of 30 percent, 30 percent and 40 percent, beginning on the first anniversary of the grant date; however, all of the options become exercisable for three years upon death or total and permanent disability and for the earlier of five years or the remaining term of the options, upon retirement of the officer. In addition, options generally become exercisable upon a termination of employment following a change of control, and certain options granted to our named executive officers are subject to our Executive Severance Plan. See Potential Payments on Termination or Change of Control. The officers may transfer the options to family members or certain entities in which family members have interests.
- In connection with the Halyard Health spin-off on October 31, 2014 the numbers of stock options were increased and the exercise prices were decreased to maintain the fair value of outstanding options immediately before and after the spin-off. Specifically, for each stock option held by a Kimberly-Clark employee, officer, or director, the exercise price was divided by 1.044134 (the Adjustment Ratio) and the number of shares subject to the outstanding stock option was multiplied by the Adjustment Ratio, with fractional shares rounded down to the nearest whole share. No incremental fair value was generated as a result of the adjustments.
- (3) The 2011 Plan provides that the option price per share shall be no less than the closing price per share of our common stock at grant date. In connection with the Halyard Health spin-off on October 31, 2014, performance-based restricted share units and time-vested restricted share units (and the dividend equivalents credited to these restricted share units equal to cash dividends on our Common Stock as described in footnotes 5 and 6 below) were credited with reinvested dividend equivalents equal to the value of the Halyard Health stock dividend distributed on our common stock (approximately \$4.69 per share) to maintain the value of the awards before and after the spin-off.
- (4) The amount shown represents an award of time-vested restricted share units to Mr. Palmer on February 29, 2016. Subject to accelerated vesting as described in Potential Payments on Termination or Change of Control, the time-vested restricted share unit award vests on the third anniversary of the grant date. Dividend equivalents on these time-vested restricted share units equal to cash dividends on our Common Stock will be accumulated and paid in additional shares when the time-vested restricted share units vest. The units listed include 121 dividend equivalents.
- (5) The values shown in this column are based on the closing price of our common stock on December 31, 2016 of \$114.12 per share. The amounts shown represent awards of performance-based restricted share units granted to our named executive officers in February 2014, 2015 and 2016. Subject to accelerated vesting as described in Potential Payments on Termination or Change of Control, performance-based restricted share unit awards granted in 2014, 2015 and 2016 vest on February 25, 2017, February 17, 2018 and February 28, 2019, respectively, in a range from zero to 200 percent of the target levels indicated based on the achievement of specific performance goals. Based on the current vesting pace of these awards, the amounts shown represent the target level for the 2014 and 2015 grants and the maximum level for the 2016 grant. See Discussion of Summary Compensation and Plan-Based Awards Tables. The units listed include the following amounts of dividend equivalents on performance-based restricted share units granted to our named executive officers (a) equal to cash dividends on our Common Stock based on the target level for the 2014 and 2015 awards and on the maximum level for the 2016 award and (b) with respect to the 2014 award, equal to the value of the stock dividend in connection with the Halyard Health spin-off based on the target level.
- (7)

| Name              | Year | Dividend Equivalents |
|-------------------|------|----------------------|
| Thomas J. Falk    | 2016 | 1,211                |
|                   | 2015 | 3,237                |
|                   | 2014 | 8,117                |
| Maria G. Henry    | 2016 | 291                  |
|                   | 2015 | 667                  |
| Michael D. Hsu    | 2016 | 321                  |
|                   | 2015 | 863                  |
|                   | 2014 | 1,804                |
| Anthony J. Palmer | 2016 | 173                  |
|                   | 2015 | 504                  |
|                   | 2014 | 1,263                |
| Elane B. Stock    | 2016 | 321                  |
|                   | 2015 | 863                  |
|                   | 2014 | 1,804                |

**Table of Contents****Compensation Tables****Option Exercises and Stock Vested**

The following table sets forth information concerning stock options exercised and stock awards vested during 2016 for our named executive officers.

**OPTION EXERCISES AND STOCK VESTED IN 2016**

| Name              | Option Awards<br>Number of<br>Shares Acquired<br>on Exercise(#) | Value<br>Realized on<br>Exercise\$( <sup>1</sup> ) | Stock Awards<br>Number of<br>Shares Acquired<br>on Vesting(#) | Value<br>Realized on<br>Vesting\$( <sup>2</sup> ) |
|-------------------|---|--|---|---|
| Thomas J. Falk    | 206,445   | 6,039,066  | 74,936  | 9,773,902   |
| Maria G. Henry    |   |  |   |   |
| Michael D. Hsu    |   |  | 15,455  | 2,015,796   |
| Anthony J. Palmer | 22,600  | 1,201,839  | 11,240  | 1,466,033   |
| Elane B. Stock    |   |  | 12,489  | 1,628,971   |

<sup>(1)</sup> The dollar amount reflects the total pre-tax value realized by our named executive officers (number of shares exercised times the difference between the fair market value on the exercise date and the exercise price). It is not the grant date fair value disclosed in other locations in this proxy statement. Value from these option exercises was only realized to the extent our stock price increased relative to the stock price at grant (the exercise price).

<sup>(2)</sup> The dollar amount reflects the total pre-tax value received by our named executive officers upon the vesting of time-vested restricted share units or performance-based restricted share units (number of shares vested times the closing price of our common stock on the vesting date), including cash paid in lieu of fractional shares. It is not the grant date fair value disclosed in other locations in this proxy statement.

**Pension Benefits**

The following table sets forth information as of December 31, 2016 concerning potential payments to our named executive officers under our pension plan and supplemental pension plans. Information about these plans follows the table.

**2016 PENSION BENEFITS**

| Name <sup>(1)</sup>           | Plan Name                     | Number of Years<br>Credited Service(#) <sup>(3)</sup> | Present Value of<br>Accumulated Benefit(\$) |
|-------------------------------|-------------------------------|---|---|
| Thomas J. Falk <sup>(2)</sup> | Pension Plan                  | 26.5  | 1,160,989                                   |
|                               | Supplemental<br>Pension Plans | 26.5  | 19,594,969                                  |

<sup>(1)</sup> Each named executive officer other than Mr. Falk joined Kimberly-Clark after January 1, 1997 and therefore is not eligible to participate in our defined benefit pension plans.

<sup>(2)</sup> Mr. Falk is currently eligible for early retirement under the plans and would be eligible to receive the early retirement benefit described in the table below.

<sup>(3)</sup> Mr. Falk has 33.4 years of actual service. Beginning in 2010, the number of years of credited service was frozen at the amounts set forth in the table, as a result of our ceasing to accrue compensation and benefit service under the plans.

Employees who joined Kimberly-Clark prior to January 1, 1997 are eligible to participate in our pension plans, which provide benefits based on years of service as of December 31, 2009 and pay (annual cash compensation), integrated with social security benefits. Our pension plans are comprised of the Kimberly-Clark Pension Plan and the Supplemental Benefit Plans. We stopped accruing compensation and benefit service for participants under our pension plans for most of our U.S. employees, including our named executive officers, for plan years after 2009. These changes do not affect benefits earned by participants prior to January 1, 2010.



**Table of Contents**

**Compensation Tables**

The following is an overview of these plans.

|   | <b>Pension Plan</b>  | <b>Supplemental Pension Plans</b>  |
|---|--|--|
| Reason for Plan   | Provide eligible participants with a competitive level of retirement benefits based on pay and years of service.   | Provide eligible participants with benefits as are necessary to fulfill the intent of the pension plan without regard to limitations imposed by the Internal Revenue Code. |
| Eligible Participants   | Salaried employees who joined Kimberly-Clark prior to January 1, 1997.   | Salaried employees impacted by limitations imposed by the Internal Revenue Code on payments under the pension plan.<br>Accrued benefits prior to 2005:                     |
| Payment Form  | Normal benefit:<br><br>Single-life annuity payable monthly<br>Other optional forms of benefit are available, including a joint and survivor and a lump sum benefit.  | Monthly payments or a lump sum after age 55<br>Accrued benefits for 2005 and after:  |
| Retirement Eligibility  | Full unreduced benefit:<br><br>Normal retirement age of 65<br>Age 62 with 10 years of service<br>Age 60 with 30 years of service<br>Disability retirement<br>Early retirement benefit:   | Lump sum six months after termination of employment<br><br>Same  |
| Benefits Payable  | Age 55 with five years of service. The amount of the benefit is reduced according to the number of years the participant retires before the age the participant is eligible for a full, unreduced benefit. The amount of the reduction is based on age and years of vesting service.<br>Service and earnings frozen as of December 31, 2009. Benefit depends on the participant's years of service under our plan and monthly average earnings over the last 60 months of service or, if higher, the monthly average earnings for the five calendar years in his or her last fifteen years of service for which earnings were the highest. | Same   |
| Benefit Formula for Salaried Employees (As of December 31, 2009) (Payable in the form of a single life annuity) | Unreduced monthly benefit = 1/12 of ((1.125% x final average annual earnings (up to 2/3 of the Social Security Taxable Wage Base)) + (1.425% x final average annual earnings (in excess of 2/3 of the Social Security Taxable Wage Base up to Taxable Wage Base)) + (1.5% x final average annual earnings (over the Social Security Taxable Wage Base))) multiplied by the years of credited service   | Same   |

**Table of Contents****Compensation Tables**

|  | <b>Pension Plan</b>  | <b>Supplemental Pension Plans</b>   |
|--|--|---|
| Pensionable Earnings   | Annual cash compensation. Long-term equity compensation is not included. | Same  |
| Change of control or reduction in our long-term credit rating (below investment grade) | Not applicable   | Participants have the option of receiving the present value of their accrued benefits prior to 2005 in the supplemental pension plans in a lump sum, reduced by 10 percent and 5 percent for active and former employees, respectively. |

The estimated actuarial present value of the retirement benefits accrued through December 31, 2016 appears in the 2016 Pension Benefits table. For purposes of determining the present value of accumulated benefits, we have used the potential earlier retirement ages as described above rather than the normal retirement age under the plans, which is 65. For a discussion of how we value these obligations and the assumptions we use in that valuation, see Note 9 to our audited consolidated financial statements included in our 2016 Annual Report on Form 10-K. The calculation of actuarial present value generally is consistent with the methodology and assumptions outlined in our audited consolidated financial statements, except that benefits are reflected as payable as of the date the executive is first entitled to full unreduced benefits (as opposed to the assumed retirement date) and without consideration of pre-retirement mortality. Present values for the qualified plan are based on the RP-2014 annuitant table, as adjusted for company experience and generational improvements, and for the supplemental plans were calculated using the 2017 417(e) mortality table adjusted for mortality improvement to the assumed retirement age. With respect to the supplemental pension plans, the amount of the earlier retirement age lump sum benefit was determined using an approximate 30-year Treasury Bond rate of 2.77%, consistent with the methodology used for purposes of our consolidated financial statements; any actual lump sum benefit would be calculated using the 30-year Treasury Bond rate in effect as of the beginning of the month prior to termination. Present value amounts were determined as of December 31, 2016 based on the financial accounting discount rates for United States pension plans of 4.25% and 4.17% for the qualified plan and the supplemental plans, respectively.

The actuarial increase in 2016 of the projected retirement benefits can be found in footnote 1 to the Summary Compensation Table under the heading Change in Pension Value and Nonqualified Deferred Compensation Earnings. No payments were made to our named executive officers under our pension plans during 2016.

While the supplemental pension plans remain unfunded, in 1994 the Board approved the establishment of a trust and authorized us to make contributions to this trust in order to provide a source of funds to assist us in meeting our liabilities under our supplemental defined benefit plans. For additional information regarding these plans, see Compensation Discussion and Analysis Benefits and Other Compensation Retirement Benefits.

**Table of Contents****Compensation Tables****Nonqualified Deferred Compensation**

The following table sets forth information concerning nonqualified defined contribution and deferred compensation plans for our named executive officers during 2016.

**2016 NONQUALIFIED DEFERRED COMPENSATION**

| <b>Name</b>       | <b>Plan</b>                | <b>Company Contributions in 2016(\$)<sup>(1)</sup></b> | <b>Aggregate Earnings in 2016(\$)<sup>(2)</sup></b> | <b>Aggregate Withdrawals/ Distributions(\$)</b> | <b>Aggregate Balance at December 31, 2016(\$)<sup>(3)</sup></b> |
|-------------------|----------------------------|--|---|---|---|
| Thomas J. Falk    | Supplemental 401(k) Plan   | 269,149  | 177,445   |   | 2,134,120   |
|                   | Deferred Compensation Plan |  | 140,614   |   | 2,510,954   |
| Maria G. Henry    | Supplemental 401(k) Plan   | 97,599   | 4,676   |   | 119,716   |
|                   | Deferred Compensation Plan |  |   |   |   |
| Michael D. Hsu    | Supplemental 401(k) Plan   | 116,755  | 22,344  |   | 346,378   |
|                   | Deferred Compensation Plan |  |   |   |   |
| Anthony J. Palmer | Supplemental 401(k) Plan   | 79,378   | (44,444)  |   | 845,878   |
|                   | Deferred Compensation Plan |  |   |   |   |
| Elane B. Stock    | Supplemental 401(k) Plan   | 107,252  | 19,916  |   | 399,099   |
|                   | Deferred Compensation Plan |  |   |   |   |

*Contributions consist solely of amounts accrued by Kimberly-Clark under the Supplemental 401(k) Plan, including the profit-sharing contribution (1) in February 2017 with respect to our performance in 2016. These amounts are included in the Summary Compensation Table and represent a portion of the Defined Contribution Plan Payments included in All Other Compensation.*

*The amounts in this column show the changes in the aggregate account balance for our named executive officers during 2016 that are not (2) attributable to company contributions. Aggregate earnings are not included in the Summary Compensation Table because the earnings are not above-market or preferential.*

**Table of Contents****Compensation Tables**

*Balance for the Supplemental 401(k) Plan includes the profit-sharing contribution made in early 2017 with respect to our performance in 2016, as well as the following contributions by Kimberly-Clark under the Supplemental 401(k) Plan in 2015 and 2014 that are reported in the Summary Compensation Table as a portion of All Other Compensation for those years:*

| <i>Name</i>              | <i>Year</i> | <i>Accrued Amount(\$)</i> |
|--------------------------|-------------|---------------------------|
| <i>Thomas J. Falk</i>    | <i>2015</i> | <i>238,821</i>            |
|                          | <i>2014</i> | <i>276,385</i>            |
| <i>Maria G. Henry</i>    | <i>2015</i> | <i>17,492</i>             |
| <i>Michael D. Hsu</i>    | <i>2015</i> | <i>86,020</i>             |
|                          | <i>2014</i> | <i>82,480</i>             |
| <i>Anthony J. Palmer</i> | <i>2015</i> | <i>68,041</i>             |
|                          | <i>2014</i> | <i>73,897</i>             |
| <i>Elane B. Stock</i>    | <i>2015</i> | <i>91,778</i>             |
|                          | <i>2014</i> | <i>63,234</i>             |

In addition to amounts shown in the table that reflect participation in the Supplemental 401(k) Plan, amounts shown for Mr. Falk represent compensation deferred in prior years under our Deferred Compensation Plan and accumulated earnings. Effective in 2005, no further amounts may be deferred under this plan. Participants in the Deferred Compensation Plan may elect to have deferrals credited with yields equal to those earned on any of a subset of funds available in the 401(k) Profit Sharing Plan. Generally, benefits are payable under the Deferred Compensation Plan in accordance with the participant's election in a lump sum or in quarterly installments over a period between two and 20 years. If a participant ceases employment (other than as a result of a total and permanent disability or death or on or after age 55 with five or more years of service), the account balance is paid in a lump sum. In the event of a change of control or a reduction in our long-term credit rating (below investment grade), currently-employed participants have the option to elect an immediate lump-sum payment of their account balance, less a 10 percent penalty.



**Table of Contents**

**Compensation Tables**

*Overview of 401(k) Profit Sharing Plan and Supplemental 401(k) Plan.*

|   | <b>401(k) Profit Sharing Plan</b>   | <b>Supplemental 401(k) Plan</b>   |
|---|---|---|
| Purpose   | To assist employees in saving for retirement, as well as to provide a discretionary profit sharing contribution in which contributions will be based on our profit performance.   | To provide benefits to the extent necessary to fulfill the intent of the 401(k) Profit Sharing Plan without regard to the limitations imposed by the Internal Revenue Code on qualified defined contribution plans. |
| Eligible participants                                     | Most U.S. employees.  | Salaried employees impacted by limitations imposed by the Internal Revenue Code on the 401(k) Profit Sharing Plan.  |
| Is the plan qualified under the Internal Revenue Code?    | Yes.  | No.   |
| Can employees make contributions?                         | Yes.  | No.   |
| Do we make contributions or match employee contributions? | We match 100% of employee contributions, to a yearly maximum of 4% of eligible compensation. In addition, we may make a discretionary profit sharing contribution of 0% to 8% of eligible compensation based on our profit performance.                                     | We provide credit to the extent our contributions to the 401(k) Profit Sharing Plan are limited by the Internal Revenue Code.   |
| When do account balances vest?                            | Account balances under these plans generally vest once the participant completes at least two years of service.   | Same.   |
| How are account balances invested?                        | Account balances are invested in certain designated investment options selected by the participant.   | Account balances are credited with earnings and losses as if these account balances were invested in certain designated investment options selected by the participant.   |
| When are account balances distributed?                    | Distributions of the participant's vested account balance are only available after termination of employment. Loans, hardship and certain other withdrawals are allowed prior to termination of employment for certain vested amounts under the 401(k) Profit Sharing Plan. | Distributions of the participant's vested account balance are payable after termination of employment.  |

## **Table of Contents**

### **Compensation Tables**

While the Supplemental 401(k) Plan remains unfunded, in 1996 the Board amended a previously established trust and authorized us to make contributions to this trust in order to provide a source of funds to assist us in meeting our liabilities under our supplemental defined contribution plans.

### **Potential Payments on Termination or Change of Control**

Our named executive officers are eligible to receive certain benefits in the event of termination of employment, including following a change of control. This section describes various termination scenarios as well as the payments and benefits payable under those scenarios.

#### **Severance Benefits**

We maintain two severance plans that cover our executive officers, depending on the circumstances that result in their termination. Those plans include the Executive Severance Plan, which is applicable when an executive officer is terminated following a change of control, and the Severance Pay Plan, which is applicable in the event of certain other involuntary terminations. An executive officer may not receive severance payments under more than one of the plans described below.

*Executive Severance Plan.* We have agreements under our Executive Severance Plan with each named executive officer. The agreements provide that, in the event of a Qualified Termination of Employment (as described below), the participant will receive a cash payment in an amount equal to the sum of:

Two times the sum of annual base salary and the average annual incentive award for the three prior fiscal years,

The value of any forfeited awards, based on the closing price of our common stock at the date of the participant's separation from service, of restricted stock and time-vested restricted share units,

The number of performance-based restricted share units that are forfeited multiplied by the average performance-based restricted share unit payment for the prior three years,

The value of any forfeited benefits under the 401(k) Profit Sharing Plan and Supplemental 401(k) Plan,

The value of the employer match and an assumed 3 percent profit sharing contribution the named executive officer would have received if he or she had remained employed an additional two years under the 401(k) Profit Sharing Plan and Supplemental 401(k) Plan, and

the cost of two years of COBRA premiums for medical and dental coverage.

In addition, nonqualified stock options will vest and be exercisable within the earlier of five years from the participant's termination or the remaining term of the option.

A Qualified Termination of Employment is a separation of service within two years following a change of control of Kimberly-Clark (as defined in the plan) either involuntarily without cause or by the participant with good reason. In addition, any involuntary separation of service without cause within one year before a change of control will also be determined to be a Qualified Termination of Employment if it is in connection with, or in anticipation of, a change of control.

The current agreements with our named executive officers expire on December 31, 2017, unless extended by the Committee.

These agreements reflect that the named executive officer is not entitled to a tax gross-up if the named executive officer incurs an excise tax due to the application of Section 280G of the Internal Revenue Code. Instead, payments and benefits payable to the named executive officer will be reduced to the extent doing so would result in the executive retaining a larger after-tax amount, taking into account the income, excise and other taxes imposed on the payments and benefits.



## **Table of Contents**

### **Compensation Tables**

The Board has determined the eligibility criteria for participation in the plan. Each named executive officer's agreement under the Executive Severance Plan provides that the executive will retain in confidence any confidential information known to the executive concerning Kimberly-Clark and Kimberly-Clark's business so long as such information is not publicly disclosed.

*Severance Pay Plan.* Our Severance Pay Plan generally provides eligible employees (including our named executive officers) severance payments and benefits in the event of certain involuntary terminations. Under the Severance Pay Plan, a named executive officer (employed for at least one year) whose employment is involuntarily terminated would receive:

Two times the sum of annual base salary and the average annual incentive award for the three prior fiscal years,

If the termination occurs after March 31, the pro-rated current year annual incentive award based on actual performance,

An amount equal to the cost of six months of COBRA premiums for medical coverage, and

An amount equal to the cost of six months of outplacement services and three months of participation in our employee assistance program.

If the named executive officer's employment is involuntarily terminated within the first 12 months of employment, the Severance Pay Plan provides that the named executive officer would receive three months' base salary.

Severance pay under the Severance Pay Plan will not be paid to any participant who is terminated for cause (as defined under the plan), is terminated during a period in which the participant is not actively at work for more than 25 weeks (except to the extent otherwise required by law), voluntarily quits or retires, dies or is offered a comparable position (as defined under the plan).

A named executive officer must execute a full and final release of claims against us within a specified period of time following termination to receive severance benefits under our severance pay plans. Under the Severance Pay Plan, if the release has been timely executed, severance benefits are payable as a lump sum cash payment no later than 60 days following the participant's termination date. Any current year annual incentive award that is payable under the Severance Pay Plan will be paid at the same time as it was payable under the Executive Officer Achievement Award Program, but no later than 60 days following the calendar year of the separation from service.

*2011 Plan.* In the event of a Qualified Termination of Employment (as described below) of a participant in the 2011 Plan in connection with a change of control, all of the participant's awards not subject to performance goals would become fully vested. Any awards subject to performance goals will vest at the average performance-based restricted share unit payout for awards for the three prior fiscal years. Unless otherwise governed by another applicable plan or agreement, such as the terms of the Executive Severance Plan, options in this event would be exercisable for the lesser of three months or the remaining term of the option. If any amounts payable under the 2011 Plan result in excise tax due to the application of Section 280G of the Internal Revenue Code, the 2011 Plan provides that payments and benefits payable to the named executive officer will be reduced to the extent necessary so that no excise tax will be imposed if doing so would result in the executive retaining a larger after-tax amount, taking into account the income, excise and other taxes imposed on the payments and benefits. A Qualified Termination of Employment is a termination of the participant's employment within two years following a change of control of Kimberly-Clark (as defined in the 2011 Plan), unless the termination is by reason of death or disability or unless the termination is by Kimberly-Clark for cause or by the participant without good reason.



## **Table of Contents**

### **Compensation Tables**

The 2011 Plan provides that, if pending a change of control, the Committee determines that Kimberly-Clark common stock will cease to exist without an adequate replacement security that preserves the economic rights and positions of the participants in the 2011 Plan (for example, as a result of the failure of the acquiring company to assume outstanding grants), then all options and stock appreciation rights will become exercisable, in a manner deemed fair and equitable by the Committee, immediately prior to the consummation of the change of control. In addition, the restrictions on all restricted stock will lapse and all restricted share units, performance awards and other stock-based awards will vest immediately prior to the consummation of the change of control and will be settled upon the change of control in cash equal to the fair market value of the restricted share units, performance awards and other stock-based awards at the time of the change of control.

In the event of a termination of employment of a participant in the 2011 Plan, other than a Qualified Termination of Employment, death, total and permanent disability or retirement of the participant, the participant will forfeit all unvested restricted stock and restricted share units, and any vested stock options held by the participant will be exercisable for the lesser of three months or the remaining term of the option.

#### **Retirement, Death and Disability**

*Retirement.* In the event of retirement (separation from service on or after age 55), our named executive officers are entitled to receive:

Benefits payable under our pension plans for eligible participants (if the participant has at least five years of vesting service) (see Pension Benefits for additional information),

Their account balance, if any, under the Deferred Compensation Plan,

Their account balance under the Supplemental 401(k) Plan (if the participant has at least two years of vesting service),

Their account balance under the 401(k) Profit Sharing Plan, including any unvested employer contributions,

Accelerated vesting of unvested stock options, and the options will be exercisable until the earlier of five years or the remaining term of the options,

For units outstanding more than six months after the date of grant, performance-based restricted share units will be payable based on attainment of the performance goal at the end of the restricted period,

Annual incentive award payment under the Executive Officer Achievement Award Program as determined by the Committee in its discretion,

For participants with at least fifteen years of vesting service and who joined Kimberly-Clark before January 1, 2004, retiree medical credits based on number of years of vesting service (up to a maximum of \$104,500 in credits), and

For participants with at least fifteen years of vesting service, continuing coverage under Kimberly-Clark's group life insurance plan.

*Death.* In the event of death while an active employee, the following benefits are payable:

50 percent of the benefits under our pension plans for eligible participants, not reduced for early payment (if the participant has at least five years of vesting service) (see Pension Benefits), payable under the terms of the plans to

the participant's spouse or minor children,

Their account balance, if any, under the Deferred Compensation Plan,

Their account balance under the Supplemental 401(k) Plan,

Their account balance under the 401(k) Profit Sharing Plan, including any unvested employer contributions,

**Table of Contents**

**Compensation Tables**

Accelerated vesting of unvested stock options, and the options will be exercisable until the earlier of three years or the remaining term of the options,

Time-vested restricted share units will be vested pro rata, based on the number of full months of employment during the restricted period prior to the participant's termination of employment, payable within 70 days following the end of the restricted period,

For units outstanding more than six months after the date of grant, performance-based restricted share units will be vested pro rata, based on attainment of the performance goal at the end of the restricted period, payable within 70 days following the end of the restricted period,

Annual incentive award payment under the Executive Officer Achievement Award Program as determined by the Committee in its discretion,

For participants who were at least age 55, had at least fifteen years of vesting service and joined Kimberly-Clark before January 1, 2004, medical credits payable to their spouse or dependent based on number of years of vesting service (up to a maximum of \$104,500 in credits), and

Payment of benefits under Kimberly-Clark's group life insurance plan (which is available to all salaried employees in the U.S.) equal to two times the participant's annual pay, up to \$2 million (plus any additional coverage of three, four, five or six times the participant's annual pay, in increments of up to \$1 million each, purchased by the participant at group rates). Benefits provided by Kimberly-Clark and employee-purchased benefits cannot exceed \$6 million.

*Disability.* In the event of a separation of service due to a total and permanent disability, as defined in the applicable plan, our named executive officers are entitled to receive:

Benefits payable under our pension plans for eligible participants, not reduced for early payment, if the participant has at least five years of vesting service (see Pension Benefits for additional information),

Their account balance, if any, under the Deferred Compensation Plan,

Accelerated vesting of unvested stock options, and the options will be exercisable until the earlier of three years or the remaining term of the options,

Time-vested restricted share units will be vested pro rata, based on the number of full months of employment during the restricted period prior to the participant's termination of employment, payable within 70 days following the end of the restricted period,

For units outstanding more than six months after the date of grant, performance-based restricted share units will be vested pro rata, based on attainment of the performance goal at the end of the restricted period, payable within 70 days following the end of the restricted period,

Annual incentive award payment under the Executive Officer Achievement Award Program as determined by the Committee in its discretion,

For participants of at least age 55 with at least fifteen years of vesting service and who joined Kimberly-Clark before January 1, 2004, medical credits based on number of years of vesting service (up to a maximum of \$104,500 in credits),

Continuing coverage under Kimberly-Clark's group life insurance plan (available to all U.S. salaried employees), with no requirement to make monthly contributions toward coverage during disability, and

Payment of benefits under Kimberly-Clark's Long-Term Disability Plan (available to all U.S. salaried employees). Long-term disability under the plan would provide income protection of monthly base pay, ranging from a minimum monthly benefit of \$50 to



Edgar Filing: KIMBERLY CLARK CORP - Form DEF 14A

a maximum monthly benefit of \$20,000. Benefits are reduced by the amount of any other Kimberly-Clark or government-provided income benefits received (but will not be lower than the minimum monthly benefit).

**Table of Contents**

**Compensation Tables**

**Potential Payments on Termination or Change of Control Table**

The following table presents the approximate value of (i) the severance benefits for our named executive officers under the Executive Severance Plan had a Qualified Termination of Employment under that plan occurred on December 31, 2016; (ii) the severance benefits for our named executive officers under the Severance Pay Plan if an involuntary termination had occurred on December 31, 2016; (iii) the benefits that would have been payable on the death of our named executive officers on December 31, 2016; (iv) the benefits that would have been payable on the total and permanent disability of our named executive officers on December 31, 2016; and (v) the potential payments to Messrs. Falk and Palmer if they had retired on December 31, 2016. If applicable, amounts in the table were calculated using the closing price of our common stock on December 31, 2016 of \$114.12 per share.

The termination benefits provided to our executive officers upon their voluntary termination of employment do not discriminate in scope, terms or operation in favor of our executive officers compared to the benefits offered to all salaried employees, so those benefits are not included in the table below. Because none of our named executive officers, other than Mr. Falk, was eligible to retire as of December 31, 2016, potential payments assuming retirement on that date are not included for the other named executive officers.

The amounts presented in the table are in addition to amounts each named executive officer earned or accrued prior to termination, such as the officer's balances under our Deferred Compensation Plan, accrued retirement benefits (including accrued pension plan benefits), previously vested benefits under our qualified and non-qualified plans, previously vested options, restricted stock and restricted share units and accrued salary and vacation. For information about these previously earned and accrued amounts, see Summary Compensation, Outstanding Equity Awards, Option Exercises and Stock Vested, Pension Benefits, and Nonqualified Deferred Compensation.

**Table of Contents****Compensation Tables****POTENTIAL PAYMENTS ON TERMINATION OR CHANGE OF CONTROL TABLE**

| Name                                   | Cash Payment(\$)          | Equity with Accelerated Vesting(\$) | Additional Retirement Benefits(\$) | Continued Benefits and Other Amounts(\$) | Total(\$)  |
|--|---------------------------|-------------------------------------|------------------------------------|--|------------|
| Thomas J. Falk                         |                           |                                     |                                    |  |            |
| Qualified Termination of Employment    | 10,148,156 <sup>(1)</sup> | 30,062,134 <sup>(2)</sup>           | 537,724 <sup>(3)</sup>             | 23,990 <sup>(4)</sup>                    | 40,772,004 |
| Involuntary Termination <sup>(5)</sup> | 10,148,156                |                                     |                                    | 11,545 <sup>(6)</sup>                    | 10,159,701 |
| Death                                  | 4,466,388 <sup>(7)</sup>  | 16,709,045 <sup>(8)</sup>           |                                    | 104,500                                  | 21,279,933 |
| Disability                             | 2,466,388 <sup>(7)</sup>  | 16,709,045 <sup>(8)</sup>           | 1,020,333 <sup>(10)</sup>          | 104,500 <sup>(11)</sup>                  | 20,300,266 |
| Retirement                             | 2,466,388 <sup>(1)</sup>  | 29,673,197                          | 367,951                            | 104,500 <sup>(12)</sup>                  | 32,612,036 |
| Maria G. Henry                         |                           |                                     |                                    |  |            |
| Qualified Termination of Employment    | 3,751,870 <sup>(1)</sup>  | 5,208,734 <sup>(2)</sup>            | 304,554 <sup>(3)</sup>             | 30,037 <sup>(4)</sup>                    | 9,295,195  |
| Involuntary Termination <sup>(5)</sup> | 3,751,870                 |                                     |                                    | 13,056 <sup>(6)</sup>                    | 3,764,926  |
| Death                                  | 2,266,904 <sup>(7)</sup>  | 1,999,528 <sup>(8)</sup>            | 95,606                             |  | 4,362,038  |
| Disability                             | 766,904 <sup>(7)</sup>    | 1,999,528 <sup>(8)</sup>            |                                    |  | 2,766,432  |
| Michael D. Hsu                         |                           |                                     |                                    |  |            |
| Qualified Termination of Employment    | 4,066,379 <sup>(1)</sup>  | 8,551,301 <sup>(2)</sup>            | 222,799 <sup>(3)</sup>             | 23,990 <sup>(4)</sup>                    | 12,864,469 |
| Involuntary Termination <sup>(5)</sup> | 4,066,379                 |                                     |                                    | 11,545 <sup>(6)</sup>                    | 4,077,924  |
| Death                                  | 2,513,540 <sup>(7)</sup>  | 4,092,140 <sup>(8)</sup>            |                                    |  | 6,605,680  |
| Disability                             | 883,540 <sup>(7)</sup>    | 4,092,140 <sup>(8)</sup>            |                                    |  | 4,975,680  |
| Anthony J. Palmer                      |                           |                                     |                                    |  |            |
| Qualified Termination of Employment    | 3,219,439 <sup>(1)</sup>  | 5,215,318 <sup>(2)</sup>            | 180,248 <sup>(3)</sup>             | 40,538 <sup>(4)</sup>                    | 8,655,543  |
| Involuntary Termination <sup>(5)</sup> | 3,219,439                 |                                     |                                    | 15,461 <sup>(6)</sup>                    | 3,234,900  |
| Death                                  | 1,924,464 <sup>(7)</sup>  | 2,742,224 <sup>(8)</sup>            |                                    |  | 4,666,688  |
| Disability                             | 644,464 <sup>(7)</sup>    | 2,742,224 <sup>(8)</sup>            |                                    |  | 3,386,688  |
| Retirement                             | 644,464 <sup>(1)</sup>    | 4,440,763                           |                                    |  | 5,085,227  |
| Elane B. Stock                         |                           |                                     |                                    |  |            |
| Qualified Termination of Employment    | 3,733,784 <sup>(1)</sup>  | 7,694,842 <sup>(2)</sup>            | 209,494 <sup>(3)</sup>             | 37,063 <sup>(4)</sup>                    | 11,675,183 |
| Involuntary Termination <sup>(5)</sup> | 3,733,784                 |                                     |                                    | 14,592 <sup>(6)</sup>                    | 3,748,376  |
| Death                                  | 2,371,019 <sup>(7)</sup>  | 4,092,140 <sup>(8)</sup>            |                                    |  | 6,463,159  |
| Disability                             | 741,019 <sup>(7)</sup>    | 4,092,140 <sup>(8)</sup>            |                                    |  | 4,833,159  |

<sup>(1)</sup> Assumes the Committee would approve full payment under the Executive Officer Achievement Award Program for 2016; actual amount that would be paid is determined by the Committee in its discretion.

Assumes vesting of unvested performance-based restricted share units at the target level for the 2014 and 2015 grants and at the maximum level for the 2016 grant. See Outstanding Equity Awards. In addition, under the terms of the 2011 Plan, if the Committee were to determine that,

<sup>(2)</sup> pending a change of control, our common stock would cease to exist without an adequate replacement security, the payment of this amount would not be contingent upon the Qualified Termination of Employment of the named executive officer. This provision also applies to grants under the 2011 Plan to employees other than our named executive officers.

<sup>(3)</sup> Includes the value of two additional years of employer contributions under the 401(k) Profit Sharing Plan and the Supplemental 401(k) Plan, pursuant to the terms of the Executive Severance Plan.

<sup>(4)</sup> Includes an amount equal to 24 months of COBRA medical and dental coverage.

Benefits payable under the Severance Pay Plan. For Messrs. Falk and Palmer, does not include accelerated equity vesting that occurred when they became retirement eligible at age 55. See the benefits payable for Messrs. Falk and Palmer for retirement for the amount of this accelerated equity vesting.

<sup>(6)</sup> Includes an amount equal to six months of COBRA medical coverage under each executive's specific health insurance plan, as well as outplacement services valued at \$6,000.

For death, includes the payment of benefits under Kimberly-Clark's group life insurance plan (which is available to all U.S. salaried employees).

For death and disability, assumes the Committee would approve full payment under the Executive Officer Achievement Award Program for 2016; <sup>(7)</sup> actual amount that would be paid is determined by the Committee in its discretion. For disability, does not include benefits payable under Kimberly-Clark's Long-Term Disability Plan (which is available to all U.S. salaried employees), the value of which would be dependent on the life span of the named executive officer and the value of any Kimberly-Clark or government-provided income benefits received.

<sup>(8)</sup> Assumes pro rata vesting of unvested performance-based restricted share units at the target level for the 2014 and 2015 grants and at the maximum level for the 2016 grant. See Outstanding Equity Awards.



**Table of Contents****Compensation Tables**

- <sup>(9)</sup> For Mr. Falk, the estimated actuarial present value of the pension benefits payable on death is less than the present value of the aggregate accumulated benefit set forth in the Pension Benefits table; as a result, no incremental benefit as a result of his death is included in the amount. Includes the excess, if any, of the estimated actuarial present value of the retirement benefits payable on disability for the named executive officer through December 31, 2016 (assuming the named executive officer elects to receive a continuing benefit for his surviving spouse) over the present value of the aggregate accumulated benefit set forth in the Pension Benefits table.
- <sup>(10)</sup> For Mr. Falk, includes the value of retiree medical credits assuming total and permanent disability on December 31, 2016. Our named executive officers would also be eligible for continuing coverage under Kimberly-Clark's group life insurance plan assuming total and permanent disability on December 31, 2016, which benefit does not discriminate in scope, terms or operation in favor of our named executive officers compared to the benefits offered to all U.S. salaried employees and is therefore not included in the table.
- <sup>(11)</sup> Includes the value of retiree medical credits assuming Mr. Falk's retirement on December 31, 2016. Mr. Falk would also be eligible for continuing coverage under Kimberly-Clark's group life insurance plan assuming retirement on December 31, 2016, which benefit does not discriminate in scope, terms or operation in favor of our executive officers compared to the benefits offered to all U.S. salaried employees and is therefore not included in the table.
- <sup>(12)</sup>

**Equity Compensation Plan Information**

The following table gives information about Kimberly-Clark's common stock that may be issued upon the exercise of options, warrants, and rights under all of Kimberly-Clark's equity compensation plans as of December 31, 2016.

|   | Number of securities to be issued upon exercise of outstanding options, warrants, and rights (in millions) (a) | Weighted average exercise price of outstanding options, warrants, and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (in millions) (c) |
|---|--|--|---|
| Equity compensation plans approved by stockholders <sup>(1)</sup> | 8.9 <sup>(2)</sup>   | 101.16   | 18  |

<sup>(1)</sup> Includes (a) the stockholder-approved 2011 Plan, which effective April 21, 2011 amended and restated the stockholder-approved 2001 Equity Participation Plan and (b) the stockholder-approved 2011 Outside Directors' Compensation Plan, which effective April 21, 2011 amended and restated the Outside Directors' Compensation Plan.

<sup>(2)</sup> Includes 1.9 million restricted share units granted under the 2011 Plan (including shares that may be issued pursuant to outstanding performance-based restricted share units, assuming the target award is met; actual shares issued may vary, depending on actual performance). Upon vesting, a share of Kimberly-Clark common stock is issued for each restricted share unit. Column (b) does not take these awards into account because they do not have an exercise price. Also includes 0.2 million restricted share units granted under the 2011 Outside Directors' Compensation Plan. Upon retirement from or any other termination of service from the Board, a share of Kimberly-Clark common stock is issued for each restricted share unit. Column (b) does not take these awards into account because they do not have an exercise price.

**2011 Outside Directors' Compensation Plan**

In 2011, our Board and our stockholders approved the 2011 Outside Directors' Compensation Plan (as amended in 2016). A maximum of 1,044,134 shares of Kimberly-Clark common stock was available for grant under this plan (as adjusted for the Halyard Health spin-off). The Board may grant awards in the form of stock options, SARs, restricted stock, restricted share units, or any combination of cash, stock options, SARs, restricted shares or restricted share units under this plan.

**Table of Contents**

**Proposal 4. Advisory Vote on the  
Frequency of Future Advisory Votes  
on Executive Compensation**

This proposal gives stockholders the opportunity to indicate how frequently we should seek an advisory vote on our executive compensation, such as Proposal 3 above. By voting on this Proposal 4, stockholders can indicate whether they would prefer an advisory vote on executive compensation every one, two, or three years.

In 2011, stockholders voted to adopt the recommendation of our Board to vote on the say-on-pay proposal every year at our annual meeting. As a result, we have submitted our say-on-pay proposal to our stockholders at each annual meeting since 2011. As required by SEC rule, this year we are resubmitting a proposal on the frequency.

After careful consideration, our Board of Directors has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for Kimberly-Clark, and therefore our Board of Directors recommends that you vote for a one-year interval for the advisory vote on executive compensation.

In formulating its recommendation, our Board considered that an annual advisory vote on executive compensation will allow our stockholders to provide us with their direct input on our compensation objectives, policies and practices as disclosed in the proxy statement every year.

The option that receives the highest number of votes cast will be considered the frequency recommended by stockholders. However, because this vote is advisory and not binding on our Board or Kimberly-Clark, our Board may decide that it is in the best interests of our stockholders and Kimberly-Clark to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

The Board of Directors unanimously recommends a vote for the option of every ONE YEAR as the frequency with which stockholders are provided an advisory vote on the compensation of our named executive officers.

**Table of Contents**

## Other Information

**Security  
Ownership  
Information**

The following table shows the number of shares of our common stock beneficially owned as of December 31, 2016, by each director and nominee, by each named executive officer, and by all directors, nominees and executive officers as a group.

| Name  | Number of Shares <sup>(1)(2)(3)(4)</sup> | Percent of Class |
|---|--|------------------|
| John F. Bergstrom   | 45,792                                   | *                |
| Abelardo E. Bru   | 28,631                                   | *                |
| Robert W. Decherd   | 80,038 <sup>(5)</sup>                    | *                |
| Thomas J. Falk  | 926,272 <sup>(6)(7)</sup>                | *                |
| Fabian T. Garcia  | 9,784                                    | *                |
| Maria G. Henry  | 44,576 <sup>(6)</sup>                    | *                |
| Michael D. Hsu  | 145,766 <sup>(6)</sup>                   | *                |
| Mae C. Jemison, M.D.  | 34,792                                   | *                |
| James M. Jenness  | 26,349                                   | *                |
| Nancy J. Karch  | 14,603                                   | *                |
| Anthony J. Palmer   | 105,906 <sup>(6)</sup>                   | *                |
| Christa S. Quarles  | 734                                      | *                |
| Ian C. Read   | 23,479                                   | *                |
| Marc J. Shapiro   | 59,150 <sup>(8)</sup>                    | *                |
| Elane B. Stock  | 156,122 <sup>(6)</sup>                   | *                |
| Michael D. White  | 3,981                                    | *                |
| All directors, nominees and executive officers as a group<br>(20 persons) | 1,998,543<br><br>(6)(9)                  | *                |

*Each director, nominee, named executive officer and the directors, nominees and executive officers as a group, owns less than one percent of the outstanding shares of our common stock.*

*Except as otherwise noted, the directors, nominees and named executive officers, and the directors, nominees and executive officers as a group, have sole voting and investment power with respect to the shares listed.*

*(2) As of the date of this proxy statement, none of the executive officers or directors has pledged any shares of our common stock.*

*Share amounts include unvested restricted share units granted to the following named executive officers under the 2011 Plan as indicated below.*

*Amounts representing performance-based restricted share units in the table below represent target levels for these awards. See Compensation*

*(3) Tables Outstanding Equity Awards for additional information regarding these grants.*

**Table of Contents****Other Information Security Ownership Information**

| Name              | Time-Vested Restricted Share Units(#) | Performance-Based Restricted Share Units(#) |
|-------------------|---------------------------------------|---|
| Thomas J. Falk    |                                       | 192,156                                     |
| Maria G. Henry    |                                       | 29,674                                      |
| Michael D. Hsu    |                                       | 48,056                                      |
| Anthony J. Palmer | 5,877                                 | 29,125                                      |
| Elane B. Stock    |                                       | 48,056                                      |

(4) For each director who is not an officer or employee of Kimberly-Clark, share amounts include restricted share units and shares of restricted stock granted under our Outside Directors Compensation Plan. These awards are restricted and may not be transferred or sold until the Outside Director retires from or otherwise terminates service on the Board. See footnote 4 to the 2016 Outside Director Compensation table for the number of shares of restricted stock and restricted share units that the Outside Directors had outstanding as of December 31, 2016.

(5) Voting and investment power with respect to 41,944 of the shares is shared with Mr. Decherd's spouse.

(6) Includes shares of common stock held by the trustee of the 401(k) Profit Sharing Plan for the benefit of, and that are attributable to, the accounts in the plans of, the named executive officers. Also includes the following shares which could be acquired within 60 days of December 31, 2016 by:

| Name   | Number of Shares That Could be Acquired Within 60 Days of December 31, 2016 |
|--|---|
| Thomas J. Falk   | 60,964  |
| Maria G. Henry   | 14,902  |
| Michael D. Hsu   | 85,858  |
| Anthony J. Palmer  | 59,341  |
| Elane B. Stock   | 87,367  |
| All directors, nominees and executive officers as a group (20 persons) | 441,885   |

Includes 99,411 shares held by TKM, Ltd. and 559,298 shares held by TKM II, Ltd. TKM, Ltd. is a family limited partnership, which is owned by (i) an entity owned by a trust, controlled by Mr. Falk and his spouse as general partner and (ii) two family trusts previously established for the benefit of Mr. Falk's child as limited partners. TKM II, Ltd. is a family limited partnership which is owned by (i) an entity owned by a trust, controlled by Mr. Falk and his spouse as general partner, and (ii) a trust controlled by Mr. Falk and his spouse as limited partners. Mr. Falk shares voting control over the shares held by TKM, Ltd. and TKM II, Ltd.

(8) Includes 8,000 shares held by a trust for the benefit of Mr. Shapiro's children and for which Mr. Shapiro shares voting and investment power.

(9) Voting and investment power with respect to 726,798 of the shares is shared.

Our Corporate Governance Policies provide that, within three years of joining the Board, all Outside Directors should own an amount of our common stock or share units at least equal in value to three times the annual Board cash compensation. For the purpose of these stock ownership guidelines, a director is deemed to own beneficially-owned shares, as well as restricted stock and restricted share units (whether or not any applicable restrictions have lapsed), but not stock options (whether vested or unvested). As of December 31, 2016, these guidelines had been met or exceeded by each of the Outside Directors.



**Table of Contents****Other Information** Transactions With Related Persons

The following table sets forth the information, as of December 31, 2016, regarding persons or groups known to us to be beneficial owners of more than five percent of our common stock.

| Name and Address of Beneficial Owner  | Number of Shares of Common Stock Beneficially Owned | Percentage of Common Stock Outstanding |
|---|---|--|
| BlackRock, Inc. <sup>(1)</sup><br>55 East 52nd Street<br>New York, NY 10055           | 26,345,573  | 7.4%                                   |
| The Vanguard Group Inc. <sup>(2)</sup><br>100 Vanguard Boulevard<br>Malvern, PA 19355 | 26,331,918  | 7.4%                                   |

<sup>(1)</sup> The address, number and percentage of shares of our common stock beneficially owned by BlackRock, Inc. ( BlackRock ) are based on the Schedule 13G/A filed by BlackRock with the SEC on January 25, 2017. According to the filing, BlackRock had sole voting power with respect to 22,884,957 shares, sole dispositive power with respect to 26,345,573 shares, and did not have shared voting or dispositive power as to any shares.

<sup>(2)</sup> The address, number and percentage of shares of our common stock beneficially owned by The Vanguard Group Inc. ( Vanguard ) are based on the Schedule 13G/A filed by Vanguard with the SEC on February 10, 2017. According to the filing, Vanguard had sole voting power with respect to 561,589 shares, sole dispositive power with respect to 25,700,986 shares, shared dispositive power with respect to 630,932 shares and shared voting power with respect to 74,235 shares.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and any person owning more than 10 percent of a class of our common stock to file reports with the SEC regarding their ownership of our stock and any changes in ownership. We maintain a compliance program to assist our directors and executive officers in making these filings. We believe that our executive officers and directors timely complied with their filing requirements for 2016.

## Transactions With Related Persons

*Policies and Procedures for Review, Approval or Ratification of Related Person Transactions.* The Board has adopted procedures for reviewing any transactions between the company and certain related persons that involve amounts above certain thresholds. The SEC requires that our proxy statement disclose these related person transactions. A related person is defined under the SEC's rules and includes our directors, executive officers and five percent stockholders.

The Board's procedures provide that:

The Nominating and Corporate Governance Committee is best suited to review, approve and ratify related person transactions involving any director, nominee for director, any five percent stockholder, or any of their immediate family members or related firms, and

The Audit Committee is best suited to review, approve and ratify related person transactions involving executive officers (or their immediate family members or related firms), other than any executive officer that is also a Board member.

Either Committee may, in its sole discretion, refer its consideration of related person transactions to the full Board.

Each director, director nominee and executive officer is required to promptly provide written notification of any material interest that he or she (or an immediate family member) has or will have in a transaction with Kimberly-Clark. Based on a review of the transaction, a determination will be made as to whether the transaction constitutes a related person transaction under the SEC's rules. As appropriate, the Nominating and Corporate Governance Committee or the Audit Committee will then review the terms and substance of the transaction to determine whether to ratify or approve the related person transaction.

## **Table of Contents**

### **Other Information** Stockholder Director Nominees for Inclusion in Next Year's Proxy Statement

In determining whether the transaction is consistent with Kimberly-Clark's best interest, the Nominating and Corporate Governance Committee or the Audit Committee may consider any factors deemed relevant or appropriate, including:

Whether the transaction is on terms comparable to those that could be obtained in arm's-length dealings with an unrelated third party;

Whether the transaction constitutes a conflict of interest under our Code of Conduct, the nature, size or degree of any conflict, and whether mitigation of the conflict is feasible;

The impact of the transaction on a director's independence; and

Whether steps have been taken to ensure fairness to Kimberly-Clark.

*2016 Related Person Transactions.* We share aircraft hangar space, pilots and related services with Bergstrom Corporation, an entity that is majority-owned by Mr. Bergstrom. During 2016, Bergstrom Corporation paid us \$587,000 for its share of the costs associated with these services. We believe this arrangement is fair and reasonable, advantageous to Kimberly-Clark, and consistent with national benchmarking. Based on an analysis of the arrangement, we also believe its terms to be comparable to those that could be obtained in arm's-length dealings with an unrelated third party.

## **Stockholders Sharing the Same Household**

Stockholders who have the same address and last name as of the record date and have not previously requested electronic delivery of proxy materials may receive their voting materials in one of two ways. They may receive a single proxy package containing one annual report, one proxy statement and multiple proxy cards for each stockholder. Or they may receive one envelope containing a Notice of Internet Availability of Proxy Materials for each stockholder. This householding procedure helps us reduce printing and postage costs associated with providing our proxy materials and is consistent with our sustainability efforts.

If you reside in the same household with another stockholder with the same last name and would like us to mail proxy-related materials to you separately in the future, or are receiving multiple copies of materials and wish to receive only one set of proxy-related materials, please contact Stockholder Services by mail at P.O. Box 619100, Dallas, Texas 75261-9100, by telephone at (972) 281-5317 or by e-mail at [stockholders@kcc.com](mailto:stockholders@kcc.com).

Beneficial stockholders can request information about householding from their banks, brokers or other such holders of record.

## **Stockholder Proposals for Inclusion in Next Year's Proxy Statement**

Stockholders who, in accordance with SEC Rule 14a-8, wish to present proposals for inclusion in our proxy statement and form of proxy for the 2018 Annual Meeting of Stockholders must submit their proposals to the Corporate Secretary, Kimberly-Clark Corporation, P.O. Box 619100, Dallas, Texas 75261-9100, so that they are received at this address no later than October 30, 2017.

Upon receipt of a proposal, we will determine whether or not to include the proposal in the proxy statement and form of proxy in accordance with applicable law. We suggest that proposals be forwarded by certified mail, return receipt requested.

**Stockholder  
Director  
Nominees  
for Inclusion  
in Next  
Year's Proxy  
Statement**

Stockholders who wish to nominate one or more director candidates to be included in our proxy statement and form of proxy pursuant to By-Law 11A of our By-Laws (a proxy access nomination ) must submit written notice of the nomination to the Corporate Secretary so that it is received at least 75 days, but not more than 100 days, before the 2018 Annual Meeting of Stockholders (unless we give less than 75 days notice of the annual meeting date, in which case the notice must be received within 10 days after the meeting date is announced). Any notice of a proxy access nomination must comply with the requirements of our By-Laws, which may be found in the Investors section of our website at [www.kimberly-clark.com](http://www.kimberly-clark.com), and any applicable law.

**Table of Contents**

**Other Information** Other Stockholder Proposals Not Included in Next Year's Proxy Statement

**Stockholder  
Director  
Nominees  
Not Included  
in Next  
Year's Proxy  
Statement**

Under our Certificate of Incorporation and By-Laws, a stockholder who wishes to nominate a candidate for election to the Board who is not intended to be included in our proxy statement for the 2018 Annual Meeting of Stockholders is required to give written notice to our Corporate Secretary. We must receive this notice at least 75 days, but not more than 100 days, before the 2018 Annual Meeting of Stockholders (unless we give less than 75 days' notice of the annual meeting date, in which case the notice must be received within 10 days after the meeting date is announced). Any notice of a director nomination must comply with the requirements of our By-Laws and any applicable law. A nomination that does not comply with the requirements set forth in our Certificate of Incorporation and By-Laws will not be considered for presentation at the annual meeting, but will be considered by the Nominating and Corporate Governance Committee for any vacancies arising on the Board between annual meetings in accordance with the process described in Proposal 1. Election of Directors - Process and Criteria for Nominating Directors.

**Other  
Stockholder  
Proposals  
Not Included  
in Next  
Year's Proxy  
Statement**

Under our Certificate of Incorporation and By-Laws, a stockholder who wishes to present a proposal at the 2018 Annual Meeting of Stockholders, other than a matter brought under SEC Rule 14a-8 or a director nomination, must submit written notice of the proposal to the Corporate Secretary. This notice must be received between January 10, 2018 and February 4, 2018, unless the 2018 Annual Meeting is held earlier than March 21, 2018 or later than June 19, 2018, in which case the notice must be received at least 75 days, but not more than 100 days, before the 2018 Annual Meeting of Stockholders (unless we give less than 75 days' notice of the annual meeting date, in which case the notice must be received within 10 days after the meeting date is announced). Any notice of a proposal must comply with the requirements of our By-Laws and any applicable law.

**Table of Contents**

**Other Matters  
to Be Presented at  
the Annual Meeting**

Our management does not know of any other matters to be presented at the Annual Meeting. Should any other matter requiring a vote of the stockholders arise at the meeting, the persons named in the proxy will vote the proxies in accordance with their best judgment.

Kimberly-Clark Corporation  
P.O. Box 619100  
Dallas, Texas 75261-9100  
Telephone (972) 281-1200  
February 27, 2017

By Order of the Board of Directors.

Jeffrey P. Melucci  
Vice President Senior Deputy General  
Counsel and Corporate Secretary

**Table of Contents**

**Kimberly-Clark Corporation**  
Invitation to Stockholders  
Notice of 2017 Annual Meeting  
Proxy Statement

---

**Table of Contents**

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on April 20, 2017.**

**Vote by Internet**

Go to [www.envisionreports.com/kmb](http://www.envisionreports.com/kmb)  
 Or scan the QR code with your smartphone  
 Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories &  
 Canada on a touch tone telephone  
 Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Stockholder Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Election of Directors** The Board of Directors recommends a vote **FOR** the listed nominees (terms to expire at 2018 Annual Stockholder Meeting).

| 1. Nominees:              | For | Against | Abstain | For                   | Against | Abstain | For                    | Against | Abstain |
|---------------------------|-----|---------|---------|-----------------------|---------|---------|------------------------|---------|---------|
| 01 - John F. Bergstrom    |     |         |         | 02 - Abelardo E. Bru  |         |         | 03 - Robert W. Decherd |         |         |
| 04 - Thomas J. Falk       |     |         |         | 05 - Fabian T. Garcia |         |         | 06 - Michael D. Hsu    |         |         |
| 07 - Mae C. Jemison, M.D. |     |         |         | 08 - James M. Jenness |         |         | 09 - Nancy J. Karch    |         |         |



Edgar Filing: KIMBERLY CLARK CORP - Form DEF 14A

10 -  
Christa S.  
Quarles

11 - Ian C.  
Read

12 - Marc J.  
Shapiro

13 -  
Michael  
D. White

**Proposals** The Board of Directors recommends a vote **FOR** Proposals 2 and 3 and a vote for **1 YEAR** on Proposal 4.

|    | <b>For</b>   | <b>Against</b> | <b>Abstain</b> |    | <b>For</b>  | <b>Against</b> | <b>Abstain</b> |
|----|--|----------------|----------------|----|---|----------------|----------------|
| 2. | Ratification of Auditors   |                |                | 3. | Advisory Vote to Approve Named Executive Officer Compensation |                |                |
|    | <b>1 Year 2 Years 3 Years Abstain</b>  |                |                |    |   |                |                |
| 4. | Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation. |                |                |    |   |                |                |

**C Authorized Signatures This section must be completed for your vote to be counted Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

/ /

**PLEASE SEE REVERSE FOR ADDRESS CHANGES AND ATTENDANCE PREFERENCE.**

**Table of Contents**

**Proxy Kimberly-Clark Corporation**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL STOCKHOLDER MEETING TO BE HELD ON APRIL 20, 2017:** The Notice of the Annual Meeting, the Proxy Statement and the 2016 Annual Report, including Form 10-K, are available at <http://www.kimberly-clark.com/investors>

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy/Voting Instructions for the Annual Stockholder Meeting April 20, 2017**

**Solicited on Behalf of the Board of Directors**

Thomas J. Falk, Thomas J. Mielke and Jeffrey P. Melucci, or any of them, with full power of substitution to each, hereby are appointed proxies and are authorized to vote, as specified on the reverse side of this card, all shares of common stock that the undersigned is entitled to vote at the Annual Stockholder Meeting of Kimberly-Clark Corporation, to be held at the Four Seasons Resort and Club, 4150 North MacArthur Boulevard, Irving, Texas on April 20, 2017 at 9:30 a.m. Central Time and at any adjournment thereof. In their discretion, the proxies are authorized to vote on such other business as may properly come before the meeting.

**IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE LISTED NOMINEES IN PROPOSAL 1, FOR PROPOSALS 2 AND 3, AND FOR 1 YEAR ON PROPOSAL 4. IF YOU PREFER TO VOTE SEPARATELY ON INDIVIDUAL PROPOSALS YOU MAY DO SO BY MARKING THE APPROPRIATE BOXES, SIGNING AND DATING ON THE REVERSE SIDE.**

This card also constitutes voting instructions to the trustees of the Corporation's employee benefits and stock purchase plans to vote whole shares attributable to accounts the undersigned may hold under such plans. If no voting instructions are provided, the respective plan committees, which are comprised of management personnel, will direct the trustees to vote the shares. Please date, sign and return this proxy/voting instruction card promptly. If you own shares directly and plan to attend the Annual Stockholder Meeting, please so indicate in the space provided below.

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE PLEASE RETURN THIS CARD IN THE SELF-ADDRESSED ENVELOPE PROVIDED.**

Non-Voting Items

**Change of Address** Please print new address below.

**Meeting Attendance**  
Mark box to the right  
if you plan to attend  
the Annual Meeting.