Important Canadian Tax Information for Shareholders Concerning the
Halyard Health, Inc. Stock Distribution

Section 86.1 Information for Canadian Shareholders of Kimberly-Clark Corporation
and Additional Information for Québec Income Tax Filers

Dear Shareholder,

On October 31, 2014, Kimberly-Clark Corporation completed a reorganization in which it spun-off its subsidiary Halyard Health, Inc. If you tendered your Kimberly-Clark Corporation common shares for participation in this reorganization and received a share distribution, this memo may contain important Canadian tax information with respect to your share distribution.

Where a Canadian shareholder of share(s) of a foreign company (“distributing company”) receives a distribution of shares (“spin-off shares”) as a result of the distributing company’s eligible corporate reorganization (“spin-off”), section 86.1 of the federal Canadian Income Tax Act may permit such a spin-off share distribution to pass to the shareholder on a rollover basis, provided the shareholder complies with certain filing requirements specified in section 86.1.

This memo provides a basic overview of the filing requirements pursuant to section 86.1 as they may apply to the October 31, 2014 Kimberly-Clark Corporation (“KCC”) spin-off of Halyard Health, Inc. (“HYH Spinco”), which has been approved by the Canada Revenue Agency as eligible for Canadian tax purposes. Additional information for Québec income tax filers is provided in a separate section below.

Please note that this memo provides only a basic overview of the filing requirements and offers no accounting or tax guidance, as a tax advisor should be consulted for those purposes.

A Summary of the Spin-Off Events. KCC’s October 31, 2014 (“Distribution Date”) transactions affecting the Canadian shareholders involved:

- On the Distribution Date, 100% of HYH Spinco common shares were distributed, through a pro-rata distribution, to holders of KCC common shares.

- On the Distribution Date, each KCC common shareholder received one (1) HYH Spinco common share for every eight (8) KCC common shares owned at the close of business on October 23, 2014.

- Additionally, KCC shareholders were entitled to receive cash in lieu of any fractional shares of HYH Spinco common shares distributed.
Basic Overview - Section 86.1 Election Requirements. In order for the spin-off shares on an eligible distribution to pass to the shareholder on a rollover basis, paragraph 86.1(2)(f) of the *Income Tax Act* requires the shareholder to provide the following documentation and information to the Canada Revenue Agency (“CRA”):

1. A letter addressed to the CRA stating that the taxpayer wishes section 86.1 of the *Income Tax Act* to apply to the distribution (the taxpayer must use a letter as there is currently no prescribed form for this specific election);

2. The letter must be filed with the taxpayer’s income tax return within the prescribed filing time for the taxation year in which the distribution took place (late filings may be accepted, but penalties may apply);

3. The letter must state the following information about the shares of the distributing company (“original shares”) the taxpayer owned *immediately before* the distribution of the spin-off shares to the shareholder:
   
   i. The number of the original shares owned;
   
   ii. The aggregate adjusted cost base of all the original shares to the taxpayer (i.e. the price the shareholder paid on acquisition of the KCC common shares);
   
   iii. The aggregate fair market value of the original shares (see section “Determining the Fair Market Value of the Shares” below);

4. The letter must state the following information about the spin-off and original shares the taxpayer owned *immediately after* the distribution:

   i. The number of the original shares owned;

   ii. The aggregate fair market value of the original shares (see section “Determining the Fair Market Value of the Shares” below);

   iii. The number of the spin-off shares received;

   iv. The aggregate fair market value of the spin-off shares (see section “Determining the Fair Market Value of the Shares” below).

For greater certainty, the original and spin-off shares are the KCC common shares and HYH common shares, respectively.
**Determining the Fair Market Value of the Shares.** After the spin-off the fair market value of a share of a KCC common share was $110.225 and the fair market value of a share of HYH Spinco common share was $38.20. Based on the one (1) to eight (8) distribution ratio, this means that you would receive $4.775 of HYH common share for each share of KCC common share you own.

The fair market value of one **KCC** share immediately before the distribution: US $114.29*  
*Based on the average high-low trading price of a KCC share on the last trading day (October 31, 2014) before the distribution.

The fair market value of one **KCC** share immediately after the distribution: US $110.225*  
*Based on the average high-low trading price of a KCC share on the last trading day (November 3, 2014) after the distribution.

The fair market value of one **HYH Spinco** share immediately after the distribution: US $38.20*  
*Based on the average high-low trading price of a HYH Spinco share on the last trading day (November 3, 2014) after the distribution.

For aggregate share fair market values, these amounts should be multiplied by the applicable numbers of the respective shares.

**Additional Information for Québec Income Tax Filers.** Québec income tax filers who wish to take advantage of the section 86.1 rollover for the KCC distribution for both, the federal and Québec tax purposes, should enclose, in their Québec income tax returns, a copy of the section 86.1 election letter addressed to the CRA and also a separate letter addressed to Revenue Québec explaining that the enclosed copy of the letter to the CRA is in compliance with subsection 578.1(f) of the Québec Taxation Act and sets out the information required by subsection 578.3(2) of the Québec Taxation Act. Québec filers should additionally enclose a copy of the CRA letter which confirms the eligibility of the October 31, 2014 KCC spin-off.