



**Important U.S. Federal Income Tax Information for Shareholders Concerning the
Halyard Health, Inc. Stock Distribution**

November 11, 2014

Dear Shareholder,

On October 31, 2014 (the "Distribution Date"), Kimberly-Clark Corporation ("Kimberly-Clark") distributed all the outstanding shares of Halyard Health, Inc. ("HYH") to Kimberly-Clark shareholders of record as of the close of business on October 23, 2014 (the "record date"). In the distribution (the "Spin-off"), you received one (1) share of HYH common stock for every eight (8) shares of Kimberly-Clark common stock you held as of the close of business on the record date. You will receive cash in lieu of any fractional shares of HYH common stock.

This letter explains certain U.S. federal income tax consequences of the Spin-off and describes how to allocate your tax basis between your Kimberly-Clark common stock and the HYH common stock you received in the Spin-off.

Tax Treatment of the Spin-off. On October 31, 2014, Kimberly-Clark received an opinion from Baker Botts, L.L.P. concluding, based on certain representations of Kimberly-Clark and HYH with respect to (among other things) the activities of Kimberly-Clark and HYH following the Spin-off, that the Spin-off "will" qualify as a reorganization within the meaning of sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, you will generally not recognize gain or loss for U.S. federal income tax purposes upon receipt of the HYH common stock in the Spin-off. If, however, you receive cash in lieu of fractional shares you will recognize gain or loss as described below.

Fractional Shares. No fractional shares of HYH common stock were distributed in the Spin-off. Instead, all fractional shares of HYH common stock were aggregated for all Kimberly-Clark shareholders and sold in the public market. You will receive a check that represents cash in lieu of fractional shares (i.e., your pro rata portion of the proceeds associated with the sales of all fractional shares of HYH common stock to which Kimberly-Clark shareholders were entitled), calculated based on the net price of \$38.1078 per share. The taxable gain or loss that you recognize with respect to any cash you receive in lieu of fractional shares is equal to the difference between the amount of cash you receive and your tax basis (determined as described below) in such fractional shares of HYH common stock.

Tax Basis. Your tax basis in the Kimberly-Clark common stock you owned immediately before the Spin-off must be allocated between your Kimberly-Clark common stock and the shares of HYH common stock you received in the Spin-off (including any fractional share for which you received cash).

This allocation is based on the relative fair market values of your Kimberly-Clark common stock and your HYH common stock. U.S. federal tax law does not specifically identify how you should determine the fair market values of the shares. You should contact your tax advisor to determine these fair market values.

If you acquired your Kimberly-Clark common stock at different times and at different prices, you will need to calculate a separate tax basis for each block of Kimberly-Clark common stock you own and then allocate the basis in each block of stock separately to the HYH common stock you received. Kimberly-Clark suggests that you retain this letter to support your determination of your basis in your Kimberly-Clark common stock and your HYH common stock.

Example: This example assumes you choose to use the average high-low trading price on November 3, 2014, as the method of determining the fair market values of the Kimberly-Clark common stock and the HYH common stock. Using this method, after the Spin-off the fair market value of a share of Kimberly-Clark common stock was \$110.225 and the fair market value of a share of HYH common stock was \$38.20. Based on the one (1) to eight (8) distribution ratio, this means that you would receive \$4.775 of HYH Common Stock for each share of Kimberly-Clark common stock you own. See Exhibit 1. Based on these relative fair market values, your basis in your Kimberly-Clark common stock would be apportioned 95.8478% to your Kimberly-Clark stock and 4.1522% to your HYH common stock. This calculation may be illustrated as follows:

- Assume you own a single block of 100 shares of Kimberly-Clark common stock with a tax basis of \$50 per share (and a total tax basis of \$5,000).
- You are entitled to receive 12.5 shares of HYH common stock in the Spin-off. Because no fractional shares are issued, you receive 12 shares of HYH common stock and \$19.05 of cash in lieu of fractional shares (net price of \$38.1078 per share multiplied by 0.5 fractional share).
- Your total tax basis in your Kimberly-Clark common stock is allocated \$4,792.39 to the KimberlyClark common stock (95.8478% of \$5,000), or \$47.9239 per share (i.e., \$4,792.39, divided by 100 shares), and \$207.61 to the HYH common stock (4.1522% of \$5,000), or \$16.6088 per share (i.e., \$207.61, divided by 12.5 shares).
- The basis allocated to the 0.5 fractional share of HYH common stock for which you received \$19.05 in cash is \$8.30 (0.5 fractional share multiplied by \$16.6088 of tax basis per share of HYH common stock) resulting in a taxable gain to you of \$10.75. (i.e. \$19.05 sales proceeds minus \$8.30 of basis). This would leave you with \$199.31 of tax basis in your remaining shares or HYH common stock (i.e., \$207.61 minus \$8.30).

The above calculations are summarized in the following table:

Shares	Number of Shares	Tax Basis Allocation (per share)	Tax Basis Allocation (total)	Cash Received	Taxable Gain
Kimberly-Clark	100	\$47.9239	\$4,792.39		
HYH	12	\$16.6088	\$ 199.31		
HYH (fractional shares)	0.5	\$16.6088	\$ 8.30	\$19.05	\$10.75

Total Tax Basis			\$5,000.00		
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If you own Kimberly-Clark common stock with a different basis for alternative minimum tax (“AMT”) purposes than your basis for regular federal income tax purposes, you will need to allocate your AMT basis between your Kimberly-Clark common stock and your HYH common stock in the same manner as described above.

U.S. Federal Income Tax Reporting Requirements. Any shareholder of Kimberly-Clark that is a “significant distributee” is required to attach a statement describing the details of the Spin-off to its U.S. federal income tax return for the period that includes the Distribution Date. This would be the 2014 U.S. Federal income tax return for calendar year shareholders. You are a significant distributee if, immediately before the Spin-off, you owned (i) at least five percent (by vote or value) of the total outstanding stock of Kimberly-Clark or (ii) securities in Kimberly-Clark with a basis of \$1,000,000 or more. If a significant distributee is a “controlled foreign corporation” (within the meaning of section 957 of the Code), each “United States shareholder” (within the meaning of section 951(b) of the Code) with respect thereto must include this statement on or with its return. A sample statement is attached as Exhibit 2.

THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBITS IS FOR GENERAL INFORMATION PURPOSES ONLY AND DOES NOT PURPORT TO ADDRESS ALL ASPECTS OF FEDERAL TAXATION THAT MAY BE RELEVANT TO PARTICULAR SHAREHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND MAY NOT BE APPLICABLE TO SHAREHOLDERS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES. NOR DOES IT ADDRESS TAX CONSEQUENCES WHICH MAY VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, YOU ARE URGED TO CONSULT YOUR TAX ADVISORS TO DETERMINE THE APPLICATION OF THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBITS TO YOUR INDIVIDUAL CIRCUMSTANCES AND THE PARTICULAR FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES OF THE SPIN-OFF TO YOU.

Exhibit 1

**Determination of the Fair Market Values of
Kimberly-Clark and HYH After the Spin-off**

The Spin-off occurred on October 31, 2014. The first regular trading day for the HYH common stock was November 3, 2014.

U.S. federal income tax law does not specifically identify how you should determine the fair market values of the Kimberly-Clark common stock and the HYH common stock after the Spin-off. One method of determining value is to use the average of the high and low trading prices of the KimberlyClark common stock and the HYH common stock on the first regular trading day for the HYH common stock (November 3, 2014). The trading prices and basis allocation percentages using this method, which you and your tax advisor may find useful, are set forth in the following Table 1 and Table 2.

Table 1
Trading Prices

Common Shares	Average High-Low Trading Price on November 3, 2014
Kimberly-Clark (value per share)	\$110.225
HYH (value per share)	\$38.20
Value of HYH stock received for each Kimberly-Clark share owned.	\$4.775

Table 2
Basis Allocation Percentages

Common Shares	Average High-Low Trading Price Allocation Percentage
Kimberly-Clark Value (a)	\$110.225
Value of HYH stock received for each Kimberly-Clark share owned (b)	\$4.775
(a) + (b) = (c)	\$115
Kimberly Clark Allocation % (a)/(c)	95.8478%
HYH Allocation % (b)/(c)	4.1522%

Exhibit 2

Information Statement to the Internal Revenue Service

STATEMENT PURSUANT TO §1.355-5(b) BY

_____, (EIN: _____),

A SIGNIFICANT DISTRIBUTE

1. On October 31, 2014, the undersigned, a shareholder owning shares in Kimberly-Clark Corporation as of the close of business on October 23, 2014, received a distribution of stock in Halyard Health, Inc., a controlled corporation, pursuant to section 355 of the Internal Revenue Code of 1986, as amended.
2. The names, employer identification numbers, and addresses of the corporations involved are as follows:
 - a. Distributing corporation:

Kimberly-Clark Corporation, EIN: 39-0394230
351 Phelps Drive
Irving, Texas 75038

b. Controlled corporation:

Halyard Health, Inc., EIN: 46-4987888
5405 Windward Parkway, Suite 100 South
Alpharetta, Georgia

- 3. No stock or securities in Kimberly-Clark corporation were transferred or surrendered by the undersigned in connection with the distribution. The aggregate fair market value, immediately before the distribution, of the Halyard Health, Inc. stock received by the undersigned in the distribution was \$_____.
- 4. No stock (other than the common stock of Halyard Health, Inc.), securities or other property (including money) was received in the distribution, other than \$_____ received in lieu of fractional shares of Halyard Health, Inc.'s common stock.

Shareholder's Signature

Spouse's Signature (if stock held jointly)
