



Mark R. Hogan
Secretary and CEO

February 15, 2018

Mr. Thomas J. Falk
Executive Chairman & CEO
Kimberly-Clark Corporation
P.O. Box 619100
Dallas TX 75261

Dear Mr. Falk,

Since its founding in Neenah over 145 years ago, Kimberly-Clark Corporation has provided careers to thousands of individuals, giving generations of Wisconsin families the opportunity to pursue their dreams. Kimberly-Clark has also been an outstanding corporate citizen, adding greatly to Wisconsin's quality of life and playing a key role in the state being recognized as a global leader in paper and advanced manufacturing.

With great appreciation for this incredible legacy as well as the company's ongoing commitment to be a significant employer in Wisconsin, we wish to summarize in this letter Governor Scott Walker's request of the Wisconsin Economic Development Corporation ("WEDC") to provide Kimberly-Clark a proposal addressing its recent announcement concerning the company's Cold Spring facility in Fox Crossing and the Nonwovens facility in Neenah.

Governor Walker and WEDC, along with the dedicated support from our local, regional and legislative partners, are committed to working with your leadership team to make a compelling case for Kimberly-Clark to retain these jobs in the Fox River Valley, as well as grow the company's overall presence in the state of Wisconsin.

Central to this effort is Governor Walker's proposal for the Wisconsin State Legislature to pass special legislation to amend the current statutes to provide Kimberly-Clark incentives to keep these two facilities open. Under Governor Walker's leadership, and with the active involvement of State Senate President Roger Roth (Appleton), Assembly Majority Leader Jim Steineke (Kaukauna), and Rep. Mike Rohrkaste (Neenah), the legislative process is moving in an expedited, but appropriate, manner.

The proposed legislation would specifically apply to activities at the company's Fox Crossing and Neenah facilities and would provide:

- refundable tax credits of 17% on eligible wages for 15 years (current statutes provide for 7% and 12 years, respectively);
- refundable tax credits of 15% on capital expenditures (currently 10%) incurred over a five-year period; and
- a five-year sales tax exemption on those same capital expenditures.

Any agreement between Kimberly-Clark and WEDC would also include other provisions which are standard in WEDC's contracts.



Using labor market data available to WEDC, average earnings for employees in the Paper Manufacturing industry (NAICS 322xxx) in the Fox River Valley are estimated to range between \$65,000 and \$75,000. Based on the published reports of approximately 610 employees at the Fox Crossing and Neenah facilities, the proposed legislative changes would provide Kimberly-Clark annual refundable tax credits for the 610 retained jobs of between approximately \$6.7 and \$7.8 million, or between approximately \$100 and \$115 million over a 15-year period.

These estimates are based on industry data available to, and assumptions made by, WEDC. The final amount of tax credits for the jobs retained, as well as for the capital expenditures and the savings from the accompanying sales tax exemption, would depend on the actual activity incurred by the company. I look forward to working with your leadership team to refine these amounts based on your input.

Since 2010, Wisconsin has enacted pro-business legislation which has helped reduce the cost of doing business in Wisconsin. These include the Manufacturing & Agriculture Tax Credit and Right to Work legislation, with other costs such as worker's compensation and unemployment insurance also being reduced. Wisconsin has also addressed the needs of our employers by investing over \$350 million in our workforce development efforts for the eight-year period ending in 2019.

Legislative reforms have saved Wisconsin taxpayers more than \$5 billion over the past seven years and have resulted in both property and income taxes being lower today than in 2010. Wisconsin has a fully-funded pension system and the state's fiscal condition is strong, as evidenced by Moody's decision to upgrade the state's bond rating for the first time since 1973.

These business-friendly policy reforms have earned Wisconsin a top-10 ranking in CEO Magazine's 2017 "Best States to do Business" survey, up from 41st in 2010.

The information included in this letter represents preliminary estimates, contingent upon WEDC's underwriting and review, the legislative actions discussed earlier, and the approval of WEDC's Board of Directors.

Thank you again for all that Kimberly-Clark and your more than 3,000 dedicated employees do for the Fox Valley Region and the state of Wisconsin. Governor Walker and I, along with our regional partners, look forward to working with you and your leadership team to find a path forward to secure Kimberly-Clark's presence in our state for decades to come.

Kind regards,



cc: Governor Scott Walker

Susan Phillips, Vice President of Government Relations, Kimberly-Clark Corporation

John Deitrich, Vice President of Manufacturing, Adult & Feminine Care, Kimberly-Clark North America

