Kimberly-Clark de México

Every day

and every moment

ANNUAL REPORT **2008**

Kimberly-Clark de México is engaged in the manufacture and commercialization of disposable products for daily use by consumers within and away-from home, such as: diapers and child care products, feminine pads, incontinence care products, bath tissue, napkins, facial tissue, hand and kitchen towels, wet wipes and health care products. Some of the main brands include: Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend® and Kotex®. Due to its permanent innovation and focus on the consumer, the company holds a leadership position in all the markets in which it participates. The company trades on the Mexican Stock Exchange under the ticker symbol "KIMBER" and on the New York Stock Exchange under an ADR program.

Contents

Our products are there
to make your life easier

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Financial Highlights

December 31, 2008 and 2007 (Thousands of Mexican pesos)

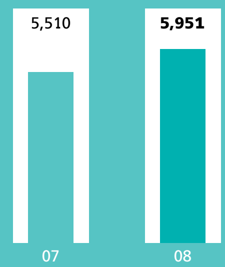
	2008	2007	%VAR
Net Sales	**23,052**	21,023	10%
Gross Profit	**9,218**	8,610	7%
Margin	**40%**	41%	
Operating Profit	**5,951**	5,510	8%
Margin	**26%**	26%	
Net Income	**3,312**	3,653	-9%
ROIC	**25.1%**	24.3%	
EBITDA	**7,106**	6,532	9%
Margin	**31%**	31%	
Earnings per Share (In pesos, based on the average number of outstanding shares)	**2.99**	3.22	-7%

25.1%

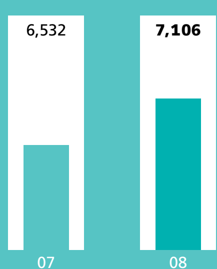
ROIC

Net sales
(million pesos)

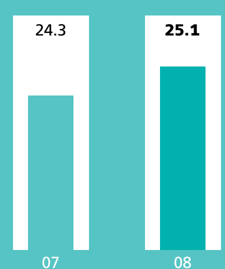
Operating profit
(million pesos)



EBITDA
(million pesos)



ROIC
(%)



PAÑUELOS Kleenex® BRAND

+1,000
million pesos invested in CAPEX

Managing Director's Report

Messrs. Shareholders:

2008 was a year of great contrasts. During the first eight months, the trend of rapid and strong increases in prices of raw materials, energy and other inputs persisted. In the same manner, stock markets worldwide continued to rise and currencies, including the Mexican peso, appreciated themselves against the U.S. dollar.

However, the accumulated imbalances across the world and particularly those of the largest economy, the United States, derived in the current financial and economic worldwide crisis. The United States economic situation deteriorated throughout the year. Thereafter, the strong fall in the housing sector and the bankruptcy declared in September by Lehman Brothers, the fourth largest investment bank in the United States, ignited the most severe part of the crisis, introducing levels of volatility in the markets that had never been seen before, drying up credit and causing a still more accelerated worsening of the main economic variables. We are not exaggerating when we state that during the period of September – October 2008, the worldwide financial system was close to a systemic collapse.

As the effects of the United States crisis progressed, the rest of the world entered into recession or slowdown. The main European economies, along with their financial systems, underwent important weakening and their inhabitants endured strong losses in the value of their assets. Some economies, such as the German, experienced a major impact due to plunge in their international trade. The same happened to Japan, a country which has based its economy in the export industry. Continuing in Asia, China, now the third largest economy in the world, has not been able to offset its lost exports with internal consumption and its economy has rapidly deceler-

The results obtained by the company were positive and encouraging in operational terms, achieving important growth in net sales, operating profit and EBITDA

+3,000

million pesos paid in dividends to our shareholders

ated. India, Brazil and Russia have not been exceptions either.

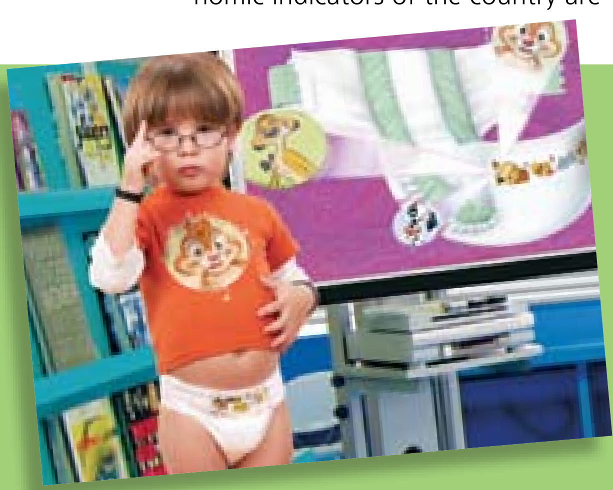
Therefore, for the first time in two decades, all the developed countries are now in recession and the main emerging markets have slowed down thus making the crisis more profound and certainly atypical. Its effects are a weak worldwide economy, which in turn translates into low levels of consumption and investments, lower disposable income and increased unemployment.

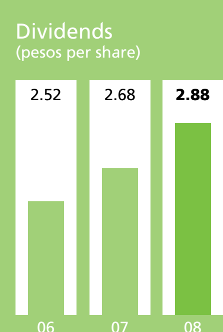
In the local compass, the effects of the worldwide recession have revealed themselves in different ways such as: lower exports, lower oil prices and reduced remittances due to unemployment and lower wages paid to our co-nationals in the United States; plummeting of the automotive and durable goods industries; an important reduction in direct foreign investments; and, less tourism income. This entire economic framework is resulting in a noticeable deceleration of the economy in the fourth quarter of 2008 and the start of 2009.

Notwithstanding that the macroeconomic indicators of the country are solid, the exchange rate has behaved in an unpredictable and volatile way and the Mexican peso has depreciated against the dollar as has been the case of some other emerging markets currencies. To great extent, this depreciation was due to deterioration in the terms under which our exports, mainly oil, are traded and coupled to risk aversion, translated into an exceptional strengthening of the United States dollar.

Within this environment of high increases in the prices of raw materials followed by a worldwide crisis in the latter part of 2008, the results obtained by the company were positive and encouraging in operational terms, achieving important growth in net sales, operating profit and EBITDA. With regards to net income, the result was lower due to the effects of the sudden depreciation of the Mexican peso and its consequent impact in the integral financing cost.

Next, we will comment in more detail on the results obtained during last year.





Achievements

Financial Results:
Net sales grew 10 percent versus the previous year due to 4 percent growth in unit volume and 6 percent to a better price and mix. Local sales posted important growth while exports grew at a lower level.

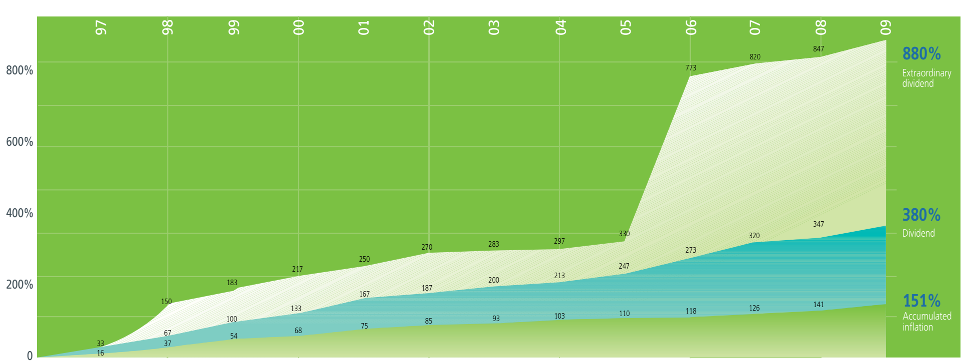
Throughout the year we were affected by strong cost pressures. Even during the fourth quarter, when some inputs showed a downward trend in their international pricing, these decreases were exceeded by the depreciation of the Mexican peso and thus the cost pressures continued.

Notwithstanding the above, operating profit grew 8 percent, due to the cost reduction and containment programs implemented in the various areas of the company, the start-up of new investments that were performed specifically with the purpose of reducing costs and the high productivity with which we operated throughout the year. As stated, the worldwide financial and speculative crisis derived in high volatility and an adverse effect in the exchange rate, which ended the year with 38 percent depreciation with respect to its lowest level. This depreciation over a long position in dollars resulted in monetary losses for the company. This negative effect was partially offset by tax reimbursements due to favorable trial settlements, thus resulting in a 9 percent decrease in net income versus the prior year.

The quality of the company earnings is reflected by the fact that through the year we generated EBITDA of $7,106 million pesos, 9 percent higher and, as of December 31, 2008 we ended with cash of $3,018 million pesos after having invested $1,915 million pesos ($1,072 in CAPEX and $843 in share repurchases) in the last twelve months and having paid-out a dividend to our shareholders of $3,049 million pesos. Thus, we returned close to 55 percent of the cash generated to the shareholders.

Growth in sales
In spite of the very difficult prevailing environment and the weakening in the demand, which accentuated during the fourth quarter, our commercial activity was successful and reflects the preference by the consumers and their response to our innovation and investment in the markets. We had important sales growth in the various segments of our business, as explained in the next page:

Dividend History



1.
Solid business strategy

Consumer Products. Net sales grew close to 8 percent in the year. We achieved volume growth records in almost all the products in our portfolio, with volume growth in the wet wipes business of almost 40 percent, it stands out because it enabled the company to reach a market share of close to 50 percent. In disposable diapers and bath tissue, the most important products in terms of net sales, we achieved greater than the market volume growth, thus gaining market share.

Professional. The 22 percent growth in net sales, generated mainly by high volume growth, continues to position your company as the leading brand within the away from home market. This has been possible due to our brands and innovation, in addition to providing our customers the best cost-benefit alternative in each segment, thus maintaining the preference of our clients.

Export. The volume of finished goods and intermediate materials sold in the international markets increased, obtaining net sales of $136 million dollars which is a figure higher than that recorded in 2007.

Operations

The operating focus was directed towards maximizing productivity and increasing capacity in order to support and drive sales volume growth; improve the quality and performance of our products and processes; and, contain and reduce operating costs. In 2008, we continued setting new production records to keep up with

sales growths in the different businesses. Additionally, the start up of new operations contributed to increase our production capacity and reduce costs. Outstanding among the most important investments are:
1) the recycled fiber capacity expansion at our Ramos Arizpe mill;
2) the start-up of a new Coform machine, which incorporates proprietary technology developed by our strategic partner Kimberly-Clark Corporation, to produce base material for wet wipes produced at our Tlaxcala plant; and, 3) the start up of additional capacity to produce panty liners at our Cuautitlan plant. These types of capital investments are essential to support the company's strategy.

Regarding logistics, we continued to work close to our clients in order to continue providing optimum service and meet their increasingly demanding needs. The challenge of compliance in time and quantity given the wide variety of categories and presentations that the company offers is very important. For this reason, we continue to invest in information systems as well as in having greater warehouse and distribution capacity.

$23,052

million pesos in net sales, 10% growth over last year

$7,106
million pesos
in EBITDA

In 2008, delivery rates and service improved and some changes were performed in the location of some warehouse space in order to attain higher efficiencies as well as be better located to serve the clients. As part of the logistics process, we worked decidedly to control inventory levels, which reflected in a 7.8 inventory turnover, figure higher than that of the prior year.

Human Resources

During the year, we continued our training and development programs that enable us to improve the skills of our personnel and to build a team that is dedicated and passionate for the work performed. In parallel, we keep on attracting the ideal new personnel into the organization in order to face the present and future challenges.

Salary increases for personnel as well as the collective labor contract revision and wage tabulators at the mills were completed under very competitive parameters and within a cordial and respectful climate with the respective unions.

With regard to industrial safety, we had a very good year as we achieved the best historical indicators in terms of frequency and severity of accidents. These indicators were even below worldwide best practices standards. However, we had to regret the death of our co-worker Mr. Jesus Martinez Valencia, truck driver in our transportation subsidiary. The management of the company continues to emphasize its concern regarding industrial safety and its commitment to invest in it. Our final goal is that no one suffers work injuries by acting in a safe way in everything we do during the 24 hours, the 365 days of the year.

2.
Innovation and Development

KleenBebé
Experiencia y Confianza

Innovation

For Kimberly-Clark de Mexico, it is a priority to offer consumers the best products, meaning differentiated products with a superior added value, aiming to increase their preference. For this purpose, we have worked intensely to drive innovation in our products, our operations and all actions performed in the company. In this sense, during 2008 we can highlight the following innovations:

In the diapers category, the Huggies Supreme® brand introduced the new Natural Fit technology, which consists of a narrower cut between the legs that provides the baby a more natural posture for better fit and maximum comfort. Additionally, this brand launched a new concept in printing aesthetics with designer and jeans limited edition covers, offering added value to the most modern premium product in the market. As well, the Huggies UltraConfort® brand introduced under pant type registered printed covers with all the fun and color of Mickey Mouse and friends characters, thus offering an aesthetically value. Huggies® also enhanced its petit sizes with a softness improvement in its liner named Cotton Care

Introduction of the new Natural Fit technology for Huggies Supreme®

We innovate our products offering differentiated solutions with a higher added value

which protects and caresses the delicate skin of a new born.

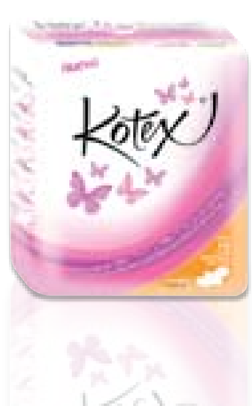
With regards to our value segment brand Kleen-Bebe® Suavelastic® MAX, the Ajustasec elastic system was incorporated providing a better fit thus avoiding drains.

In order to complete our products offer for moms and their babies, the new born Huggies® hypoallergenic baby wipes were introduced. Within this business area, the Kotex® feminine wet wipes and the Depend® adult care wipes were launched.

In the toilet paper business segment, Kleenex® Cottonelle® Linea Dorada was relaunched providing a softer absorbency and comfort with state-of-the-art technology. Easy open system for Petalo® paper napkins allows the consumer to always maintain the product under optimal conditions. In addition, we incorporated a new printing technology for decorative purposes highly appreciated by our consumers in tissue products, this technology is now used in Petalo® paper napkins and kitchen towels as well as Suavel® toilet paper. Finally products under seasonal concepts such as Kleenex® Cottonelle® SPA, Petalo® Retro® and Christmas motif products were launched thus widening our product portfolio.

In facial tissue we launched new scents (green tea and vainilla) for Kleenex®; ahorra pack Triple Ply, Kleenex® Menthol, and Kleenex® Oval as well as the new designs of Kleenex® Bote derived from a contest held at the Iberoamericana university which resulted in more than 100 options.

In feminine care, Kotex® Unika launched a double web into the market that quickly absorbs even the more abundant flow and thus provides added safety and protects from rash skin. Kotex® also sponsored the "Mexico's Next Top Model" contest and through this event obtained the backing of Montserrat Olivier, one of the most successful models. Within this category, I would like to highlight that during the second half of 2008, we worked hard to re-define the strategy for Kotex®, and as a result, we are relaunching the brand during this first quarter of 2009.

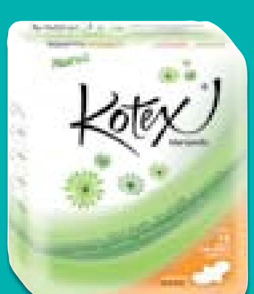


Kotex®

In the Professional business, new dispensers and presentations were launched which allow to optimize the use of the products and thus to reduce costs for our customers. In addition, the new “KCP Commercial Management System” was developed and implemented which, coupled with a restructure of the sales force, enabled us to maintain our current clients as well as dedicate resources towards gaining new clients and to the development of new business areas.

The above is just a sample of the innovations performed in 2008 by your company. We reiterate our commitment to innovation which is an essential component of the company’s philosophy.

Relationship with Kimberly-Clark Corporation:
Our partnership with Kimberly-Clark Corporation (KCC) continues to be vital, both to support our products and processes innovation initiatives, as well as to implement state-of-the-art-technology, such as the machine installed this year at our Tlaxcala plant to produce Coform. As we have stated before, through KCC we have a window to the world and access to innovation and development in products and processes, mainly in diapers, personal care and health care products. In addition, we participate with them in the global purchase of some key raw materials and we constantly share information regarding best practices in operations and marketing. As a result, this strategic partnership provides benefits for both entities as it facilitates and drives the competitiveness of the companies.



We worked hard to re-define the strategy to relaunch Kotex® in 2009

Leadership

Being leaders in our markets implies a great commitment to our customers and shareholders. We state this leadership pledge in everything we do, in our innovation projects, in our fixed assets investments, in our behavior in the market, in our responsible management of the company's resources and in the continuous search for new growth avenues.

The consequence of this commitment is the leadership of your company in almost all categories in which it participates and, even though the market showed signs of weakening, we managed to sustain and in some cases increase our strong market shares.

Consistent with our commitment, we have designed and developed the structure, the development plans and the incentives required to attract and retain personnel with the necessary talent to consolidate our leadership position in the market.

Also, we have promoted a culture of innovation, learning, productivity, speed and doing more with less, which has allowed us to be at the vanguard and to enjoy a solid financial position.

We will continue working under these principles and we will aim to improve at all times in order to strengthen the leadership we have and broaden our presence to other categories.

2008

Relaunch of Kleenex®
Cottonelle® Línea Dorada

3.
Brand value

4.
Commitment to society

Social Responsibility

We are a company that has a commitment to society, to the environment and to the use of natural resources. For this reason, we maintain programs focused towards reducing the consumption of water, electricity and fibers.

During 2008, we continued with our positive trend in reducing electricity and water consumption per ton produced. Also, with respect to fibers usage, the start-up of new fiber recycling capacity derived in greater consumption of recycled fiber.

Accordingly, we will continue searching for opportunities and performing the necessary investments to fulfill our commitments with society and with the environment.

We are grateful to all of the company's personnel for the effort shown during the year and extend our acknowledgement for the results obtained. Also, we encourage our personnel to sum and reinforce their efforts to go out and win in 2009 with audacity, aggressiveness, urgency and efficiency.

Perspectives

Truly, nobody really knows how long and how deep the worldwide recession we are facing will last, but most likely the recovery will be slow and weak. For 2009, forecasts point to recording the lowest global growth since the Second World War. Forecasts for 2009 point to the lowest global growth rate since Second World War. And although wide-rage measures have been adopted, severe financial weaknesses persist and reprersent a burden to real economy. A sustained economic recovery will not be possible until the functionality of the financial system is re-established, the credit markets are untangled and consumption and investments are re-activated. For this to happen, it is necessary to stabilize and support the financial institutions and at the same time it requires the reactivation of their main function which involves credit intermediation. On the other hand, monetary and fiscal policies should provide further support to the aggregate demand and such orientation should prevail in the foreseeable future while at the same time, the new strategies needed to guarantee long term fiscal sustainability are formulated. Additionally, international cooperation will be crucial for the design and

At Kimberly-Clark de México we are committed to society, to the environment and to the rational use of natural resources implementation of these policies. The situation will be difficult for our country as the environment of uncertainty and economic contraction will prevail. Within this compass, whatever we do jointly with government, enterprises and society will be fundamental towards mitigating the effects of this crisis. The government has defined a series of actions leading towards re-activating credit, defending the economy of families, investing more in highways, oil and water infrastructure and protecting jobs. To achieve this, it will be very important to accelerate government spending and investment and to intensify these efforts during the first months of the year, in addition to revising public pricing policies in order to reduce their effect on the economy. However, we must go further. It is imperative and urgent that the government, congress and the rest of the political actors, with participation by the society, start a renewed effort for achieving the priority structural reforms such as the education, the labor and the fiscal reforms, in addition to decidedly facing the tangles and obstacles that diminish the country's competitiveness and its growth capacity. We should not wait any longer, as time is critical, and the need and urgency are totally clear. We must take advantage of this crisis to achieve the changes that are needed in this country to be more competitive and to grow and generate jobs when the economic conditions improve. As an enterprise, we need to play a role of optimism, encouragement, support and work in order to solve the situation that we are living. For this, we will continue working to strengthen our products offering, to maintain a close relationship with our personnel, our clients and our suppliers, to intensify our cost containment and reduction programs, to achieve high efficiencies in our operation, to continue and sustain our investments in innovation, markets, products, technology, processes and equipment, and to maintain our leadership and the capacity of our personnel, our products and our brands. We have the resources to achieve these goals as well as the experienced and committed people to make them happen.

Once again, Messrs. Shareholders, we thank you all for your support and confidence during our mandate during the year that just ended. Also, we reiterate the company's commitment for success in the short, medium and long terms. This is our commitment and our mission.

Yours Truly,

Claudio X. González
Chairman of the Board of Directors

Pablo R. González G.
Managing Director

At Kimberly-Clark de México we will continue working to strenghten our offering to the market

5.
Better quality of life

Depend

Board of Directors

Directors

Claudio X. González Laporte
Chairman of the Board

Agustín Santamarina Vázquez
Vice-chairman

Thomas J. Falk
Vice-chairman

Emilio Carrillo Gamboa
President of Audit and Corporate Practices Committee

Jorge Ballesteros Franco

Mark Buthman

Antonio Cosío Ariño

Valentín Diez Morodo

Robert Abernathy

Esteban Malpica Fomperosa

Robert W. Black

Fernando Senderos Mestre

Alternate Directors

Jorge Babatz García

Jorge Barrero Stahl

Guillermo González Guajardo

Pablo R. González Guajardo

Jesús González Laporte

Agustín Gutiérrez Espinosa

Jorge Lara Flores

José Lois Prieto

José Antonio Mondragón Pacheco

Sergio Paliza Valdez

Fernando Ruiz Sahagún

Manuel Vera Vallejo

Main Officers

Pablo R. González Guajardo
Managing Director

Bernardo Aragón Paasch
Director of Operations

José Antonio Barrera Bortoni
Director of Innovation and Growth

Xavier Cortés Lascurain
Director of Strategic Planning

Jesús A. González Laporte
Director of Strategic Planning Operations

Jesús González Urevig
Director of Logistics and Customer Service

Fernando González Velasco
Director of Sales Consumer Products

Virgilio Osa Cantillo
Director of Marketing of Infant Products

Gabriel Lance Brunet
Director of Manufacture

Jorge Lara Flores
Director of Finance

Alejandro Lascurain Curbelo
Director of Human Resources

Jose Lois Prieto
Director of Analysis and Control

José Antonio Lozano Córdova
Director of Product Innovation, Technological Development and Quality

Jean-Louis Brunet Torres
Deputy Commercial Director Professional and Health Care

Sergio Camacho Carmona
Treasurer

Carlos Conss Curiel
Deputy Director of Information Services

Humberto Escoto Zubirán
Deputy Director of Legal Affairs

Jose María Robles Miaja
Foreign Trade Manager

Jorge Morales Rojas
Deputy Director Marketing Family Care Products

Angel Armando Paz Camacho
Internal Audit Manager

Javier Pizzuto del Moral
Deputy Director of Marketing Personal and Feminine Care Products

Luis Santiago de la Torre Oropeza
Deputy Director of Labor Relations

Fernando Alberto Vergara Rosales
Financial Controller

Consolidated financial statements

Contents

Independent Auditors' Report

Board of Directors and Stockholders
of Kimberly-Clark de México, S.A.B. de C.V.

We have audited the accompanying consolidated balance sheets of Kimberly-Clark de México, S.A.B. de C.V. and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income and changes in stockholders' equity for the years then ended, cash flows for the year ended December 31, 2008 and changes in financial position for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As mentioned in Note 1, beginning January 1, 2008, the Company adopted the dispositions of the new following financial reporting standards: B-2, *Statement of Cash Flows* and B-10, *Effects of Inflation*.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Kimberly-Clark de México, S.A.B. de C.V. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and changes in their stockholders' equity for the years then ended, cash flows for the year ended December 31, 2008 and changes in financial position for the year ended December 31, 2007, in conformity with Mexican Financial Reporting Standards.

The accompanying consolidated financial statements have been translated into English for the convenience of users.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu

C. P. C. Benjamín Gallegos Pérez
February 4, 2009

Consolidated Balance Sheets

December 31, 2008 and 2007 (Thousands of Mexican pesos)

Assets	**2008**	**2007**
Current assets:		
Cash and cash equivalents	**$ 3,017,607**	$ 2,914,968
Accounts receivable – net	**4,256,683**	3,653,818
Inventories - net	**1,889,735**	1,654,100
Total current assets	**9,164,025**	8,222,886
Accounts receivable due from Corporación Scribe, S.A.P.I. de C.V.	**617,068**	603,330
Derivative financial instruments	**14,371**	48,919
Property, plant and equipment - net	**14,453,503**	14,536,877
Total	**$ 24,248,967**	$ 23,412,012
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	**$ 3,529,268**	$ 76,108
Trade accounts payable	**2,395,287**	2,044,192
Benefits to employees	**576,472**	551,704
Accrued liabilities	**1,688,315**	1,381,532
Income tax	**275,839**	167,114
Derivative financial instruments	**150,930**	80,591
Total current liabilities	**8,616,111**	4,301,241
Long-term debt	**4,646,471**	7,414,964
Deferred income taxes	**1,944,328**	2,219,126
Benefits to employees	**111,589**	101,299
Other liabilities	**227,974**	–
Total liabilities	**15,546,473**	14,036,630
Stockholders' equity	**8,702,494**	9,375,382
Total	**$ 24,248,967**	$ 23,412,012

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Years ended December 31, 2008 and 2007 (Thousands of Mexican pesos)

	2008	2007
Net sales	$ 23,051,522	$ 21,480,233
Cost of sales	13,833,201	12,683,071
Gross profit	9,218,321	8,797,162
General expenses	3,267,238	3,169,131
Operating profit	5,951,083	5,628,031
Other expense (income), net	375,647	461,175
Comprehensive financing result	1,431,959	224,534
Income before income taxes	4,143,477	4,942,322
Income taxes	831,338	1,214,347
Net income	$ 3,312,139	$ 3,727,975
Basic earnings per share (in pesos, using weighted average number of outstanding shares)	$ 2.99	$ 3.29

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2008 and 2007 (Thousands of Mexican pesos)

	Common stock	Retained earnings	Reserve for repurchase of own stock	Insufficiency in restated stockholders' equity and other	Valuation of financial instruments	Total stockholders' equity
Balance, January 1, 2007	$ 4,402,932	$ 4,632,299	$ 829,686	$(139,038)	$ —	$ 9,725,879
Dividends paid		(3,027,916)				(3,027,916)
Repurchase of own stock	(123,392)	(56,610)	(829,686)			(1,009,688)
Transfer of insufficiency in restated stockholders' equity		(139,038)		139,038		–
Comprehensive income		3,727,975		(76,090)	35,222	3,687,107
Balance, December 31, 2007	4,279,540	5,136,710	–	(76,090)	35,222	9,375,382
Dividends paid		(3,048,751)				(3,048,751)
Repurchase of own stock	(73,899)	(769,441)				(843,340)
Transfer of insufficiency in restated stockholders' equity		(76,090)		76,090		–
Comprehensive income		3,312,139		40,608	(133,544)	3,219,203
Balance, December 31, 2008	**$ 4,205,641**	**$ 4,554,567**	**$ –**	**$ 40,608**	**$ (98,322)**	**$ 8,702,494**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2008 (Thousands of Mexican pesos)

	2008
Operating activities:	
Income before income taxes	$ 4,143,477
Items related to investing and financing activities:	
Depreciation and amortization	1,154,993
Exchange fluctuations	1,005,812
Interest expense - net	426,147
Other expenses	375,647
	7,106,076
(Increase) decrease in:	
Accounts receivable	(568,173)
Inventories	(235,635)
Trade accounts payable	(59,471)
Benefits to employees	(356,098)
Accrued liabilities	277,061
Income taxes paid	(945,477)
Net cash flows from operating activities	5,218,283
Investing activities	
Additions to property, plant and equipment - net	(1,022,585)
Accounts receivable due from Corporación Scribe, S.A.P.I. de C.V. (including interest)	197,525
Interest received	154,919
Nets cash flows used in investing activities	(670,141)
Excess of cash to apply in financing activities	4,548,142
Financing activities	
Payment of loans	(75,610)
Interest paid	(636,687)
Dividends paid	(3,048,751)
Repurchase of own stock	(843,340)
Derivative financial instruments	(118,568)
Other liabilities	227,974
Net cash flows used in financing activities	(4,494,982)
Net increase in cash and cash equivalents	53,160
Adjustment to cash flow due to changes in exchange rates	49,479
Cash and cash equivalents at the beginning of period	2,914,968
Cash and cash equivalents at the end of period	$ 3,017,607

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2007 (Thousands of Mexican pesos)

	2007
Operating activities:	
Net income from operations	$ 3,727,975
Add items that did not require resources:	
Depreciation	1,045,505
Deferred statutory employee profit sharing	65,542
Deferred income taxes	192,953
	5,031,975
Changes in working capital:	
Accounts receivable	600,144
Accounts receivable due from Grupo Papelero Scribe, S.A. de C.V.	722,537
Inventories	(84,502)
Trade accounts payable	(713,714)
Accrued liabilities	301,178
Other, principally income tax and statutory employee profit sharing	(382,648)
Resources generated by continuing operations	5,474,970
Divesting activities:	
Other effects from discontinued operations	(562,192)
Accounts receivable due from Corporación Scribe, S.A.P.I. de C.V.	(39,400)
Resources used in divesting activities	(601,592)
Financing activities:	
Dividends paid	(3,027,916)
Derivative financial instruments	(505,656)
Long-term debt - net	2,231,778
Repurchase of own stock	(1,009,688)
Resources used in financing activities	(2,311,482)
Investing activities – Additions to property, plant and equipment	(1,490,404)
Cash and cash equivalents:	
Increase	1,071,492
Beginning of year	1,843,476
End of year	$ 2,914,968

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2008 and 2007 (Thousands of Mexican pesos)

1. Operations, basis of presentation and summary of significant accounting policies

Operations

Kimberly-Clark de México, S.A.B. de C.V. and its subsidiaries (the "Company") are engaged in the manufacture and commercialization of disposable products for daily use by consumers within and away-from home, such as: diapers and child care products, feminine pads, incontinence care products, bath tissue, napkins, facial tissue, hand and kitchen towels, wet wipes and health care products. Some of the main brands include: Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend® and Kotex®.

Basis of financial statement presentation

Monetary unit of financial statements – Financial statements and related notes as of December 31, 2008 and for the year then ended, include balances and transactions in pesos of different purchasing power. Financial statements and related notes as of December 31, 2007 and for the year then ended are presented in pesos of purchasing power of December 31, 2007.

Consolidation – The consolidated financial statements include the accounts of Kimberly-Clark de México, S.A.B. de C.V. and the following wholly owned subsidiaries:

– Crisoba Industrial, S.A. de C.V., rents machinery and equipment and provides other services to Kimberly-Clark de México, S.A.B. de C.V.

– Paper Products Trade Corporation which is a trading company incorporated in the United States of America, to promote exports of the Company's products.

– Servicios Empresariales Során, S.A. de C.V. provides financing and through its subsidiaries, distribution and other services to Kimberly-Clark de México, S.A.B. de C.V.

– Taxi Aéreo de México, S.A. provides air transportation services to personnel of Kimberly-Clark de México, S.A.B. de C.V. and its subsidiaries, as well as to the general public.

– Other subsidiaries which lease properties, mainly to other subsidiaries of Kimberly-Clark de México, S.A.B. de C.V.

Intercompany transactions and balances are eliminated in consolidation.

Comprehensive income – Is presented in the statements of changes in stockholders' equity and is comprised of the net income for the year, plus other items that represented income (loss) of the same period, which are presented directly in stockholders' equity without affecting the statements of income. It includes the effects of translation of foreign subsidiaries, valuation of financial instruments, and the insufficiency in restated stockholder's equity.

Operating profit – Operating profit is the result of subtracting from the net sales the cost of sales and general expenses. Although NIF B-3 does not require inclusion of this line item in the consolidated statements of income, it has been included for a better understanding of the Company's economic and financial performance.

Summary of significant accounting policies

The accompanying consolidated financial statements are in accordance with Mexican Financial Reporting Standards "NIF", which require that management make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and the disclosures in the accompanying notes, as considered pertinent in the circumstances. The significant accounting policies are as follows:

Accounting changes

Beginning January 1, 2008 the following new NIFs became effective:

NIF B-2, Statement of cash flows ("NIF B-2") – Replaces Bulletin B-12, Statement of Changes in Financial Position. According to NIF B-2, the Company determined cash flows of its operating activities using indirect method. Statement of cash flows is presented at nominal values. NIF B-2 establishes that application of this accounting change should be recognized prospectively; consequently, a statement of cash flows and a statement of changes in financial position are presented for the year ended 2008 and 2007, respectively.

NIF B-10, Effects of inflation ("NIF B-10") – Considers two economic environments: a) inflationary, where cumulative inflation of the three preceding years is equal or higher than 26% and b) non-inflationary, when in the same period inflation is lower than 26%, in which case, the effects of inflation have not been recognized in the financial statements. Also, the replacement cost and specific cost and indexation methods for inventories and fixed assets were eliminated.

Since cumulative inflation over the three preceding years was 11.56%, the economic environment qualifies as non inflationary. Consequently beginning January 1, 2008 recognition of the effects of inflation in the Company's financial statements was suspended. However, assets, liabilities and stockholders' equity at December 31, 2008 and 2007 include restatement effects recognized until December 31, 2007.

Recognition of the effects of inflation – Until December 31, 2007, recognition of the effects of inflation resulted mainly in inflationary gains or losses on non-monetary and monetary items that are presented in the financial statements under the two following captions:

Insufficiency in restated stockholders' equity – Primarily arises because the restatement of imported machinery and equipment has been below inflation in Mexico.

Monetary position result – Monetary effect is determined by applying the monthly increase in National Consumer Price Index "NCPI" factors to the monthly net monetary position.

Inflation rates for the years ended December 31, 2008 and 2007 were 6.53% and 3.76%, respectively.

Cash and cash equivalents – Consist of daily cash surplus investments which are highly liquid investments and are easily convertible into cash and subject to low risk of changes in value.

Inventories and cost of sales – Beginning in 2008, inventories are stated at the lower of cost or realizable value. Until December 31, 2007, inventories were stated at replacement cost, not to exceed realizable value. Cost of sales was restated using replacement cost at the date of sale.

Property, plant and equipment – Property, plant and equipment are recorded at acquisition cost. Balances arising from acquisitions of national origin made up to December 31, 2007, were restated using the NCPI. For fixed assets of foreign origin, the acquisition cost expressed in the currency of the country of origin was restated for inflation in such country and converted into Mexican pesos at the market exchange rate as of the balance sheet date.

Depreciation of property, plant and equipment is computed using the straight-line method, based on the estimated useful lives of the assets, as follows:

	Average Years
Buildings	45
Machinery and equipment	15 to 25
Transportation equipment	12 and 25

Capitalization of comprehensive financing result – Net comprehensive financing result incurred during and attributable to the period of construction and installation of property, plant and equipment is capitalized for major projects. Until December 31, 2007 net comprehensive financing result was restated by applying the NCPI.

Impairment of long-lived assets in use – The Company reviews the carrying amounts of long-lived assets in use in order to detect signs of impairment indicators. There are no impairment indicators as of December 31, 2008 and 2007.

Benefits to employees – Includes fringe benefits earned by the employees, for direct benefits, severance payments upon termination and pension plans.

Derivative financial instruments – Derivative financial instruments are valued at their market value and their effects are recognized either in results of operations of the period or stockholders' equity. These instruments are used as a hedge to reduce the risk of the effects of the Company's exposure to interest rates, exchange rate fluctuations and the prices of certain utilities.

Foreign currency balances and transactions – Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded in the comprehensive financing result of the period in which they occur.

Revenue recognition – Revenues are recognized in the period in which ownership of the risks and rewards of the inventories is transferred to customers.

Statutory employee profit sharing "PTU" – PTU is recorded in the results of the year in which it is incurred and presented within other expenses (income) in the accompanying consolidated statements of income. Deferred PTU is derived from temporary differences determined by comparing the tax basis and accounting value of assets and liabilities, when it can be reasonably assumed that such differences will generate a liability or benefit, and there is no indications that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

Income taxes – Income tax "ISR", is recorded in the results of the year in which it is incurred, recognizing deferred effects originated by temporary differences, corresponding to transactions and other economic events recognized in the financial statements in periods different from those considered in the Company's tax returns. Such effects are recorded considering all temporary differences determined by comparing the tax and book basis of assets and liabilities.

In order to recognize deferred taxes, it is necessary to prepare financial projections to identify prevailing taxable basis, (income tax or Business Flat Tax "IETU") for payment of income taxes.

2. Accounts receivable

	2008	2007
Trade	**$ 4,302,657**	$ 3,694,288
Allowance for doubtful accounts	**(136,265)**	(129,397)
Net	**4,166,392**	3,564,891
Other	**90,291**	88,927
Total	**$ 4,256,683**	$ 3,653,818

3. Inventories

	2008	2007
Finished goods	$ 627,321	$ 691,425
Work in process	191,829	142,886
Raw materials and spare parts	1,070,585	819,789
Total	$ 1,889,735	$ 1,654,100

4. Property, plant and equipment

	2008	2007
Buildings	$ 4,482,794	$ 4,252,283
Machinery and equipment	23,865,649	23,076,807
Transportation equipment	856,916	890,635
Total	29,205,359	28,219,725
Accumulated depreciation	(15,634,212)	(14,912,382)
Net	13,571,147	13,307,343
Land	505,310	506,221
Construction in progress	377,046	723,313
Total	$ 14,453,503	$ 14,536,877

At December 31, 2008 and 2007, the balance of unamortized capitalized comprehensive financing result was $611,209 and $660,082, respectively.

5. Long-term debt

Long-term debt is summarized as follows:

	2008	2007
Notes payable to banks, denominated in U.S. dollars, unsecured, bearing interest based on LIBOR. As of December 31, 2008, annual rates ranged from 2.64% to 4.50%.	$ 233,239	$ 261,072
Senior notes denominated in U.S. dollars, unsecured, bearing interest at a net fixed annual rate of 8.875%.	3,442,500	2,730,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on Cetes with maturity of 182 days, plus 75 basis points. As of December 31, 2008 the annual rate is 9.01%.	750,000	750,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest at a fixed annual rate of 8.95%.	1,250,000	1,250,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on the TIIE with maturity of 28 days, less 10 basis points. As of December 31, 2008 the annual rate is 8.62%.	2,500,000	2,500,000
	8,175,739	7,491,072
Less - current portion	3,529,268	76,108
	$ 4,646,471	$ 7,414,964

Long-term debt agreements contain covenants and restrictions, which limit the Company's ability to obtain additional indebtedness and require the Company to maintain certain minimum financial ratios. At December 31, 2008, the Company is in compliance with such covenants.

Long-term debt matures as follows:

2010	$	827,564
2011 and 2012		68,907
2013		1,250,000
2017		2,500,000
	$	4,646,471

To reduce the risk of volatility of the interest rate of a portion equivalent to 60% of the debt issued during 2007, for an amount of $2,500,000, the Company entered into an interest rate swap which changed the profile of interest payments to a fixed annual rate of 8.01%.

6. Stockholders' equity

As of December 31, 2008 and 2007, common stock consists of nominative common shares with no par value, as follows:

	Shares			
	2008	%	2007	%
Series "A"	**571,774,975**	52	581,533,275	52
Series "B"	**527,071,640**	48	536,621,640	48
Total	**1,098,846,615**	100	1,118,154,915	100

In accordance with the Company's by-laws, Series "A" shares must represent, at a minimum, 52% of common stock outstanding and must be owned by Mexican investors.

As part of the program for the repurchase of the Company's own shares approved annually by the stockholders, as of December 31, 2008 and 2007, 19,308,300 and 21,689,600 shares, respectively, have been repurchased.

In accordance with the Mexican income tax law, total stockholders' equity, except for stockholders' contributions and their related tax restatement, as well as retained earnings determined based on the provisions of such law, is subject to a dividend tax, payable by the Company, in the event of distribution. As of December 31, 2008 the balances of the stockholders' equity tax accounts are represented by contributed capital account for $26,159,000 and a net tax income account for $10,811,000, approximately.

At the Stockholders' Extraordinary Meeting held on February 28, 1992, the stockholders authorized the issuance of Series "T" working shares, which can be assigned only to officers and employees of the Company, as provided for by the Board of Directors. These shares do not represent common stock or generate corporate rights; however, they do entitle holders to receive dividends similar to those received by shares of common stock. The term of the Series "T" shares is five years from the date assigned, at the end of which they must be amortized by a payment calculated based on the adjusted accounting value of shares of common stock at the quarter preceding the beginning and end of the term. Such adjusted value is determined by excluding from stockholders' equity the balance of certain equity accounts. The payment is deducted from retained earnings in the year in which it takes place. At December 31, 2008, 11,178,125 Series "T" shares have been assigned.

At the Stockholders' Ordinary Meeting held on March 4, 2005, the stockholders authorized a new compensation plan for officers and employees named "Plan de Asignación de Unidades Virtuales" (Virtual Share Award Plan). This plan will gradually replace the prior compensation plan. Compensation cost is recognized in results of operations of each year.

During the years ended December 31, 2008 and 2007, the Company paid dividends of $3,048,751 and $3,027,916, respectively. If such dividends had not been paid, stockholders' equity would have been greater by $6,076,667 and $3,027,916 as of such dates.

7. Business segment information

Information corresponding to each business segment, based on a managerial approach is as follows:

	2008		2007	
	Consumer Products	Professional and Health Care	Consumer Products	Professional and Health Care
Net sales	**$ 20,063,730**	**$ 2,987,792**	$ 18,980,609	$ 2,499,624
Operating profit	**5,498,924**	**452,159**	5,217,483	410,548
Depreciation	**980,244**	**174,749**	890,928	154,577
Total assets	**20,812,929**	**3,436,038**	20,341,213	3,070,799

Export sales, as a percentage of net sales were 7%, in both 2008 and 2007 and are included in the respective segments.

8. Other expense (income), net

Is comprised as follows:

	2008	2007
Statutory employee profit sharing:		
Current	**$ 398,157**	$ 403,110
Deferred	**(7,001)**	65,542
Net	**391,156**	468,652
Other	**(15,509)**	(7,477)
Other expense (income), net	**$ 375,647**	$ 461,175

The deferred statutory employee profit sharing liability as of December 31, 2008 and 2007 is primarily derived from the differences between the tax and book basis of property, plant and equipment.

9. Comprehensive financing result

Consists of the following:

	2008	2007
Interest expense – net	**$ 459,672**	$ 368,535
Exchange fluctuations – net	**1,005,812**	66,616
Monetary position gain	**–**	(190,381)
Capitalized comprehensive financing result	**(33,525)**	(20,236)
	$ 1,431,959	$ 224,534

10. Income taxes

ISR consist of the following:

	2008	2007
Income tax:		
Current	**$ 1,054,202**	$ 1,021,394
Deferred	**(222,864)**	192,953
Net	**$ 831,338**	$ 1,214,347

The ISR rate was 28% in 2008 and 2007.

Statutory and effective ISR rates differ due to certain permanent differences, including the recognition of a tax benefit arising from a tax refund obtained as a result of the settlement from the lawsuit won. Tax results of the subsidiaries are consolidated at 100% of the equity held in their voting stock.

The deferred income taxes liability is primarily derived from property, plant and equipment, which as of December 31, 2008 and 2007 represent almost 100%, of such liability.

In 2007, the deferred income tax effect corresponding to the insufficiency in restated stockholders' equity was $85,399.

11. Foreign currency balances and transactions

Assets and liabilities include monetary items receivable or payable in foreign currencies. Such items, denominated in thousands of U.S. dollars, consist of the following:

	2008	2007
Monetary assets	**99,373**	90,403
Monetary liabilities	**371,878**	389,116

Exchange rate used to value such balances was $13.77 and $10.92 Mexican pesos per one U.S. dollar, respectively.

During 2008, the Company did not enter into forward contracts. As of December 31, 2007, there were forward contracts for 320 million U.S. dollars.

Transactions denominated in thousands of U.S. dollars were as follows:

	2008	2007
Export sales	**135,456**	131,634
Purchases of raw materials, spare parts and services	**565,366**	535,237
Purchases of machinery and equipment	**44,183**	59,624
Interest expense – net	**19,324**	18,961

12. Related parties

For the years ended December 31, the Company had the following transactions and balances with related parties.

	2008	2007
Kimberly-Clark Corporation:		
Purchases of inventories and technical services received	**$ 1,215,625**	$ 1,585,295
Purchases of machinery and equipment	**156,828**	204,877
Sales	**842,394**	1,099,350
Trade accounts payable	**161,407**	201,169
Trade accounts receivable	**103,170**	120,736

	2008	2007
Grupo Papelero Scribe, S.A. de C.V.:		
Purchases and other services	**$ 532,974**	$ 546,894
Sale of inventories and other services	**830,446**	1,254,499
Trade accounts payable	**25,260**	33,722

Other - Beginning January 1, 2007, NIF C-13, *Related Parties*, became effective, which requires the disclosure of the benefits granted to key or relevant officers of the Company. As of December 31, 2008 and 2007, the amount of such benefits was $120,282, and $119,945, respectively. Additionally, these key and relevant officers, together with other groups of officers that the Board of Directors consider as key members of the Company, are included in the "Plan de Asignación de Unidades Virtuales" (Virtual Share Award Plan) (see note 6).

13. Benefits to employees

The liability and annual cost of legally mandated seniority premiums, pension plans for qualifying personnel and severance payments upon termination of the labor relationship, is calculated by an independent actuary based on the projected unit credit method. To meet these obligations, the Company has established funds under an administered plan.

Relevant information regarding these obligations is as follows:

	2008	2007
Accumulated benefit obligation	**$ 231,498**	$ 252,716
Projected benefit obligation	**316,627**	335,050
Plan assets	**234,295**	285,159
Net periodic cost	**37,964**	17,664

14. Commitments

At December 31, 2008, the Company held the following commitments:

- The acquisition of machinery, equipment and construction projects, totaling approximately $304,100.
- The acquisition of raw materials, totaling approximately $435,600.
- Operating lease agreements for warehouses and offices with non-cancelable terms ranging from 5 to 10 years and annual rents of $105,998.

15. Authorization of issuance of financial statements

On February 4, 2009, the issuance of these consolidated financial statements was authorized by Licenciado Pablo R. González Guajardo, General Director, and C.P. Jorge A. Lara Flores, Finance Director. These consolidated financial statements are subject to the approval of the Board of Directors and the Ordinary Stockholders' Meeting.

16. New accounting pronouncements

New accounting standards – During 2008, the Mexican Board for Research and Development of Financial Information Standards issued five new NIFs, which became effective for fiscal years beginning on January 1, 2009.

The Company estimates that these new standards will not have a significant impact in the results of the Company.

Adoption of International Standards – According to the announcement made on November 11, 2008, which was published by the National Banking and Insurance Commission on January 27, 2009, an amendment to the rules for companies that are listed on the Mexican Stock Exchange Market will require such companies to present financial statements in conformity with International Financial Reporting Standards beginning in 2012, with early adoption allowed beginning in 2008.

Investor Information

Stock Exchange Markets
Bolsa Mexicana de Valores
(BMV), México.
New York Stock Exchange (NYSE),
USA (ADR'S - OTC)

COTIZA EN
BOLSA MEXICANA DE VALORES

Type of Shares
A Series
B Series

KCDMY
LISTED
NYSE

Ticker Symbols
BMV: KIMBER
NYSE: KCDMY

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