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FEMSA REPORTS RESULTS FOR SECOND QUARTER AND FIRST HALF ENDED JUNE 30, 2001

CONSOLIDATED MAJORITY NET INCOME INCREASED BY 40.3% FOR THE SECOND QUARTER

Monterrey, Mexico (July 26, 2001) — Fomento Económico Mexicano, S.A. de C.V. ("FEMSA" or the "Company") (NYSE: FMX; BMV: FEMSA UBD), Mexico's largest and one of Latin America's leading beverage companies, today reported an increase in majority net income of 40.3% for the second quarter reflecting the increase in consolidated income from operations and the gain recorded by the consolidated integral result of financing. Consolidated net sales reached Ps. 12.814 billion for the second quarter of 2001, an increase of 7.5% over the second quarter of 2000 driven primarily by an increase of 6.9% and 24.0% in total revenues recorded by Coca-Cola FEMSA and by FEMSA Comercio, respectively. FEMSA Cerveza recorded revenue growth of 2.9% for the second quarter of 2001 driven by the nominal increase in the domestic price of beer implemented mostly during the first quarter of 2001.

The Company recorded consolidated operating income of Ps. 2.329 billion for the second quarter of 2001, an increase of 3.8% over the comparable period last year. The operating margin for the second quarter of 2001 declined by 0.7 percentage points to 18.1% of total revenues.

José Antonio Fernández, FEMSA's Chief Executive Officer, noted that the performance of the Company had been solid considering the challenging environment, as the growth slowdown experienced by the Unites States since mid 2000 and the appreciation of the peso vis-a-vis the dollar dampened the strength of the Mexican economy, and in turn affected demand for beer and growth in traffic in FEMSA's convenience retail outlets. On the basis of these developments and revised macroeconomic assumptions, volume growth projections for FEMSA Cerveza had been trimmed down slightly, although the outlook for the profitability of FEMSA's soft-drinks operations had been bolstered by the outstanding performance to date of franchises in Mexico and Argentina. Looking ahead, there are growing signs that Mexico's growth slowdown may be over as lower inflation and an improved global environment should support a recovery in 2002, with real GDP growth projected at about 5 percent, more than twice the likely 2001 out turn. Mr. Fernandez also noted that the first phase of FEMSA Cerveza´s new strategy was being implemented successfully and slated for completion by the end of this year—a milestone that should provide a deeper understanding of the medium term benefits of a firm focus on expanding the domestic beer market.

UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS OF 2001 COMPARED TOTHE SECOND QUARTER AND FIRST SIX MONTHS OF 2000

OPERATING HIGHLIGHTS AND REVIEW OF EXPECTATIONS FOR 2001

Consumer Outlook

According to the latest statistics published by INEGI and in connection with FEMSA´s analysis of trends in the consumer environment in Mexico, the first half of 2001 has witnessed a marked slowdown in the consumption of non-durable goods (beverages, food, clothing, and groceries). Management believes the root causes of sagging demand for non-durables have been the increase in their relative prices and the uneven distribution of disposable income growth across regions.

On the price front, consumption of non-durables has been undermined by an increase in their relative price vis-à-vis durables (such as cars, furniture and home appliances). Several factors have been at play: the dollar reference pricing for durables in Mexico combined with the peso appreciation; increased competition in the local markets; the feed-through of past price increases for non-durables; and lower interest rates and greater availability of consumer credit (which favor purchases of durables).

With respect to income developments, aggregate disposable income growth for the first half of 2001 was positive, but unevenly distributed across regions: the Southeast showed the largest increases and the Northeast the smallest, while the Center regions of the country are still recovering from depressed income levels. The fact that the Northeast experienced the fastest growth a year ago creates a base effect that complicates the regional comparison. Moreover, like the rest of the North, particularly the border cities have been vulnerable to (i) expenditure-switching towards purchases of consumer durables and imports caused by the persistent strength of the peso against the dollar and (ii) to the deceleration experienced by US economy.

Unsurprisingly, these regional developments and relative price shifts have affected adversely the performance of FEMSA's business in the first six months of 2001. FEMSA´s results for these period are nonetheless encouraging when assessed in the context of a weakened macroeconomic environment.

FEMSA Cerveza

For the first six months of 2001, FEMSA Cerveza recorded domestic sales volume growth of 2.9%, reflecting the combination of 12.7% volume growth recorded during the first quarter of 2001 and a decline of 4.3% in the second quarter of 2001. Notwithstanding the relatively lower growth experienced by the beer industry in the north of Mexico relative to the rest of the country for the first six months of 2001, FEMSA Cerveza´s brands continue to consolidated their market position in the north of Mexico. See "Unaudited Financial Results for the Six Months ended June 30, 2001 compared to the Six Months ended June 30, 2000—FEMSA Cerveza—Net sales".

FEMSA Cerveza finished increasing prices for its products in Mexico for 2001 by mid-April, averaging a nominal increase of 9%. Notwithstanding the successful implementation of the domestic price increase for this year, management believes it dampened demand for FEMSA Cerveza's products in the second quarter, particularly in the Northwest where beer prices have typically been higher than in the rest of the country. FEMSA Cerveza believes is taking decisive steps towards the future implementation of revenue management by advancing rapidly in the installation of the pre-sale function, which will ultimately provide first-hand market and consumer information and establish the foundation for FEMSA Cerveza's differentiated portfolio strategy.

FEMSA Cerveza's management expects to complete the first phase of implementation of the refrigeration project by the end of the third quarter and of the pre-sale project by the end of 2001. The first phase of pre-sale implementation comprises approximately 50% of FEMSA Cerveza's domestic volume concentrated in 60 strategic markets. The pre-sale function together with the installation of Enterprise Resource Planning systems ("ERP") will become the technological foundation for FEMSA Cerveza's strategy. The first phase of the refrigeration project "Cerve-Cero®" consists in the installation of approximately 40,000 coolers on off-premise and on-premise accounts along with a communications campaign designed to market the "cold-drink" benefits to the consumer. The 40,000 coolers installed this year are expected to cover between 30% to 35% of FEMSA Cerveza's domestic volume.

Throughout the first semester of 2001, FEMSA Cerveza has engaged in intensive activation campaigns to raise consumer awareness of its brands as part of its integral strategy to address the consumer and increase per-capita consumption. Mature brands such as Carta Blanca and Superior have been subject to major repositioning campaigns with a strictly regional orientation. The "*El Sabor del Norte*" (Carta Blanca) and "*Vivir es un Placer Superior*" campaigns target the young to mid-adult male audiences in the Northeast and Southern regions, respectively, by evoking and revering the regional cultural values, lifestyle and traditions of each region. Management believes that such communication campaigns not only enhances the brand itself but distinctively positions the product as a unique beverage concept in such region. These campaigns apply integrated marketing techniques as the core of their communication strategy, and dictate the guidelines for the "Cerve-Cero®" communication program on each region.

During the second quarter of 2001, XX Lager launched "*Sociedad XX*", an affiliation campaign targeted at young adults, which offer special party-related promotions and events with the objective of cultivating brand loyalty. The communication and marketing for the XX brand is in the process of being homogenized across the NAFTA markets as a result of a greater alignment with Labatt USA; the campaign concept-slogan "*eXXplore*" reflects the youthful, sensual and adventurous personality of the brand. Similarly, Tecate's new communication campaign slogan in Mexico *"Unete al Clan"*, meaning, "Join the Clan", is targeted to "bold, dynamic and audacious men" and marketed as a beer with distinct character and flavor. These projects, together with the Monterrey Grand Prix Tecate campaign, the Baseball Caribbean Series sponsorship and the Carnaval Superior project implemented during the first quarter comprise the most important marketing efforts implemented by FEMSA Cerveza during the first semester of 2001.

In light of the weakness in FEMSA Cerveza´s domestic volumes experienced in the second quarter, the economic deceleration in the northern regions and the persistence of the strength of the Peso against the Dollar, management expects domestic volumes for FEMSA Cerveza to increase approximately by 3%, in the lower end of the previously stated 3%-5% range. Export volumes are expected to increase between 10% and 15% for 2001. Operating income for 2001 is expected to record only a modest improvement of 3%-5% as a result of the expected increase in operating expenses.

Coca-Cola FEMSA

Mexico

For the first six months of 2001, volume in the Mexican franchises increased by 4.8%, well above the Coca-Cola system in Mexico and in Latin America and operating income improved by 29.7% to 20.8% of total revenues. Coca-Cola FEMSA's management believes there are many opportunities for profitable volume growth in the Valley of Mexico and Southeast franchises, despite the high market share enjoyed already in the Cola segment: (i) further expansion of client base, (ii) additional cooler placement, (iii) portfolio expansion. One of the key strategies to drive volume and per capita consumption in Mexico in 2001 is to serve an additional 12,000 retailers and points of sale equal to an increase of approximately 4.4% of its current 270,000 customer base in Mexico and to continue targeting the traditional mom and pop channel with tactical promotions and merchandising strategies. Furthermore, Coca-Cola FEMSA expects to install approximately 40,000 soft-drink coolers during 2001 as part of its on-going cooler placement and replacement program.

Furthermore, with the objective of strengthening its product portfolio in Mexico, Coca-Cola FEMSA has recently launched the following products: "Senzao", a guarana-flavored carbonated soft-drink; the 250 ml Delaware punch targeted for kids; Ciel Mineralizada and Ciel Natural (relaunch) in the Valley of Mexico and Southeast; and Sprite in the 2.0 Lt. Ref Pet presentation in the north of the Valley of Mexico franchise.

Finally, Coca-Cola FEMSA's management has implemented strategies to further increase the profitability of the Mexican franchise, such as product segmentation by distribution channel, optimization of the value chain such as consolidation of distribution centers and night maintenance programs with specific savings goals, and continuous search for efficiencies and economies of scale by further rationalizing production capacity (the Tlalpan II facility ceased production in May and Coca-Cola FEMSA is in the process of transferring its two production lines to the Toluca facility). Consequently the Toluca facility will expand from 4 to 6 bottling lines for a total capacity of 200 MUC.

While management believes Coca-Cola FEMSA is on track for achieving its volume growth target of 5% - 7% in Mexico, it now expects operating income to increase by 17%-20% for the full year 2001 reflecting a lower than expected pricing environment for raw and packaging materials, incremental savings obtained from the reorganization of distribution and manufacturing efficiencies.

Argentina

It is important to highlight that despite the unfavorable macroeconomic and political environment, which has beleaguered the Argentine economy for the past three years, Coca-Cola FEMSA's management is encouraged by the results of the strategies to grow volume profitably under a recessionary environment. Among the most important strategies implemented in such market, the strengthening of the brand portfolio with several new products in the value protection and other beverage categories stands out. Furthermore, management launched a more affordable packaging for the core brands (Coca-Cola, Sprite, Fanta and Quatro) in specific distribution channels and only in certain neighborhoods of the region, delivering the core brands to price sensitive consumers without affecting the core brands' pricing architecture in higher income neighborhoods. In addition to the previous strategies, which comprise the basis for Coca-Cola FEMSA's strategic and systematic attack against generic brands, management is lobbying with the government to eliminate the "Cola Tax" and eradicate tax evasion by price brand producers.

Coca-Cola FEMSA Buenos Aires has implemented specific programs to improve the relationship with its customers in the Buenos Aires market, to improve procurement negotiations and to further reduce manufacturing and distribution costs by increasingly relying on technology to reduce head-count, consolidate distribution centers and implementing specific saving goals. All of the above done with the objective of stabilizing the profitability of the Buenos Aires franchise under a difficult economic environment.

Coca-Cola FEMSA´s management is also revising expectations for volume growth in the Buenos Aires franchise to 8%-11% for 2001. Operating income growth for the year 2001 is expected to increase between 5% and 8%.

FEMSA Comercio

Undoubtedly FEMSA Comercio's most significant accomplishment year to date is the aggressive expansion of selling space with 108 new Oxxo sites in operation by June 30, 2001 (1,559 total stores). The Oxxo Convenience Store Chain (or "Oxxo") was able to improve its operating margin despite flat same store sales relative to last year and higher expenses in connection with the installation of advanced technological and logistical platforms and higher compensation schemes for commissioners relative to the same period last year. Perhaps the most significant challenge experienced by Oxxo year to date has been the decline in traffic of stores located along the northwestern border, as such sites are important revenue contributors to Oxxo. Management attributes such decline in traffic to a more competitive and stronger currency environment, which in turn affects consumption patterns and induces border shoppers to purchase their groceries, food and beverages in the U.S. Stores in the northeast on the other hand recorded a 4.0% same store sales growth for the first six months of 2001 in part reflecting outstanding growth rates posted by mature stores located in Monterrey and Saltillo. The central and southern regions together recorded same store sales growth of 1.8%. Oxxo's recent expansion strategy to the center and south of the country has paid off this semester as a more dynamic economic environment in such regions has offset the lackluster performance of Oxxo's strong hold regions in the northwest.

Another major accomplishment for the first six months of 2001 is the alignment between FEMSA Comercio and FEMSA Cerveza in the implementation of FEMSA Cerveza's strategy. Oxxo has worked closely with FEMSA Cerveza's channel marketing team and has been instrumental in the implementation of FEMSA

Cerveza's marketing and promotional campaigns and consumption activation programs as FEMSA Cerveza's products enjoy prime retail space in the 1,559 Oxxo convenience stores currently in operation. Oxxo was critical in the introduction of the 16 oz. Tecate can presentation for the Grand Prix promotional campaign for the 2001 Cart Race in Monterrey during the first quarter and the Sol promotional campaign of the Mexican Soccer Team in the Copa America during the summer.
FEMSA Comercio has also made important advancements in the introduction of ERP technology which will enable FEMSA Comercio to increase significantly the efficiencies in the operation of the business, implement product category management and reorganize the logistical and procurement platforms necessary to support the retail operations.

Finally, FEMSA Comercio´s management is confident that it will open 250 Oxxo stores during 2001, which will represent an increase of approximately 17% in sales space. As a result of a lower than expected growth of the Mexican economy however, management believes that same store sales could increase by 1%-2%, as opposed to the 4% originally expected. Notwithstanding the lower than expected same-store-sales growth, management believes that the operating income of the Oxxo Convenience Store Chain will increase in line with revenues (approximately 20%), as lower same store sales growth will be compensated by concrete efforts to lower costs such as negotiating higher rebates from suppliers and by further operating efficiencies. Operating income growth for the Oxxo Convenience Store Chain could be partially offset by the projected operating income loss for the Bara Chain and incremental expenses information technology projects. As a result, FEMSA Comercio's operating income is expected to improve by only 8% relative to 2000.

FEMSA Empaques

The continued strength of the Peso against the US Dollar, along with a more competitive environment, continue to affect the profitability of the beverage can business as prices and certain raw materials are denominated in US Dollars, but the remaining operating expense structure is based in Pesos. So far, FEMSA Empaques has been able to partially offset the decline in profitability of the beverage can business with an improvement in the profitability of the glass bottle and other smaller business units. However, if the Peso-Dollar exchange rate remains at current levels for the rest of the year, management believes FEMSA Empaques results could suffer further. FEMSA Empaques management is reducing revenue and operating income growth expectations to zero growth in both cases. Sales volume for beverage cans is expected to decline by 2% while glass bottles is expected to increase by 10% respectively for year 2001.

Recent Developments

FEMSA's consolidated total debt as of June 30, 2001 was US$914 million, US$18 million less than December 31, 2000. FEMSA Holding's US$100 million long-term debt maturing on 2002, was prepaid during the second quarter of 2001 with short-term debt contracted at the operating level. FEMSA's consolidated short-term debt at June 30, 2001 was US$272 million, primarily consisting of liabilities of the brewing and packaging subsidiaries. Consolidated net debt at June 30, 2001 amounted to US$425 million, compared to US$591 million at June 30, 2000. For December 31, 2001, management expects consolidated total debt to reach approximately US$902 million, approximately US$6 million US Dollars higher compared to December 31, 2000, but a decline in net debt of approximately US$165 million relative to December 31, 2000.

Unaudited Financial Results for the Second Quarter ended June 30, 2001 compared to the Second Quarter ended June 30, 2000

FEMSA Consolidated

Total Revenues/Net Sales

NET SALES GROWTH	2 Qtr 01 vs 2 Qtr 00
FEMSA Consolidated	7.5%
FEMSA Cerveza	2.9%
Coca-Cola FEMSA	6.9%
FEMSA Empaques	2.3%
FEMSA Comercio	24.0%

FEMSA's consolidated total revenues increased by 7.7% to Ps. 12.859 billion and consolidated net sales increased by 7.5% to Ps. 12.814 billion. Consolidated revenue growth was driven primarily by an increase of 7.3% and 24.0% in total revenues recorded by Coca-Cola FEMSA and by FEMSA Comercio, respectively. FEMSA Cerveza recorded modest total revenue growth of 3.1% for the second quarter of 2001 driven primarily by the nominal increase in the domestic price of beer implemented during the first and part of the second quarters of 2001. Management believes that the increase in the domestic price of beer together with a deceleration in economic activity in some of FEMSA Cerveza's stronghold regions and the prevailing strength of the Peso against the Dollar affected demand for FEMSA Cerveza's products in the second quarter of 2001.

Gross Profit

FEMSA's consolidated gross profit increased by 9.2% to Ps. 6.638 billion, representing a consolidated gross profit margin of 51.8%, an increase of 0.8 percentage points. FEMSA's beverage sub holding companies experienced gross margin expansion during the second quarter, reflecting, in the case of FEMSA Cerveza higher prices and in the case of Coca-Cola FEMSA strong volume growth. Furthermore, both beverage operations operate with a very efficient cost structure enhanced by lower prices of the main raw and packaging materials resulting either from the real appreciation of the Peso against the Dollar and/or a more competitive packaging environment.

Income from Operations

FEMSA's consolidated operating expenses (including goodwill amortization and management fees paid to Labatt Brewing Company Limited ("Labatt") increased by 11.7% to Ps. 4.307 billion. Consolidated operating expenses increased above consolidated revenue growth driven primarily by the increase in FEMSA Cerveza's operating expenses. FEMSA's consolidated income from operations (after participation in the results of affiliated companies) increased by 3.8% to Ps. 2.329 billion. Coca-Cola FEMSA's operating income growth accounted for most of the increase in the consolidated operating income for the second quarter of 2001. FEMSA's consolidated operating margin decreased by 0.7 percentage points to 18.1% of consolidated total revenues.

CHANGE IN INCOME FROM OPERATIONS Before management fees	2 Qtr 01 vs 2 Qtr 00
FEMSA Consolidated	3.8%
FEMSA Cerveza	(9.2)%
Coca-Cola FEMSA	31.0%
FEMSA Empaques	(5.5)%
FEMSA Comercio	19.0%

Net Income

FEMSA's consolidated net income increased by 41.3% from the Ps. 904 million recorded in the second quarter of 2000 to Ps. 1,277 million in the second quarter of 2001. The increase in net income recorded in the second quarter primarily reflects the effect of an integral result of financing income of Ps. 105

All comparisons for the three months ended June 30, 2001 in this report are made against the figures for the three months ended June 30, 2000.

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million compared to an integral result of financing expense of Ps. 674 million recorded in the second quarter of 2000.

During the second quarter of 2001, consolidated net financial expense decreased by 39.8% to Ps. 103 million relative to the second quarter of last year reflecting (i) a decline in the Company's average indebtedness. (ii) the reduction in the Company's weighted average cost of debt as a result of the decline in base rates and (iii) the appreciation of the Peso against the Dollar, all of which resulted in lower debt service payments in real Peso terms. Furthermore, FEMSA's average cash balances have increased significantly resulting in an increase in interest income recorded for the second quarter of 2001.

FEMSA recorded a consolidated foreign exchange gain of Ps. 165 million compared to a foreign exchange loss of Ps. 513 million recorded in the second quarter of 2000, reflecting the appreciation of the Peso against the Dollar experienced in the second quarter of 2001 compared to a depreciation of the Peso against the Dollar during the second quarter of 2000 in addition to losses generated by the 2000 hedge program recorded in the foreign exchange loss of the second quarter of 2000.

The result for the consolidated monetary position amounted to Ps. 43 million, an increase of 330.0% compared to Ps. 10 million for the same period last year. The increase in the consolidated result for monetary position reflects the net effect of (i) a significant decline in the net monetary position for the Company's Mexican operations, which was more than compensated by (ii) the gain in the result for monetary position recorded by Coca-Cola FEMSA Buenos Aires to reflect the Argentine inflation for the second quarter 2001 (compared to a deflation experienced during the second quarter of 2001).

FEMSA Consolidated other expenses for the second quarter of 2001 amounted to Ps. 109 million compared to consolidated other expenses of Ps. 23 million recorded in the same period of 2000 reflecting an increase in (i) asset write-offs and (ii) severance payments.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing ("taxes") of Ps. 1.048 billion, an increase of 63.2%.

The Company's average tax rate for the second quarter of 2001 amounted to 45.1%, an increase of 3.6 percentage points relative to the 41.5% average tax rate realized in the second quarter of 2000.

Consolidated net income increased by 41.3%, reflecting the effect of the integral result of financing income compared with a consolidated integral result of financing expense recorded last year. Consolidated net majority income amounted to Ps. 849 million for the second quarter of 2001, compared with Ps. 605 million recorded in the second quarter of 2000. Net majority income per FEMSA UBD unit[1] amounted to Ps. 0.801, an increase of 41.5%, compared with Ps. 0.566 for the same period last year.

2 QTR	**Per FEMSA Unit**[1]	
Pesos	**2001**	**2000**
Net Majority Income	0.801	0.566
EBITDA[2]	3.094	2.904

[1]FEMSA Units consists of FEMSA UBD units and FEMSA UB units. Each FEMSA UBD unit is comprised of one Series B share, two Series D-B shares and two Series D-L shares. Each FEMSA UB unit is comprised of five series B shares. The number of FEMSA Units outstanding as of June 30, 2001 was 1,059,462,090, equivalent to the total number of shares of the Company outstanding as of June 30, 2001 divided by 5.

[2] EBITDA is calculated as income from operations plus depreciation and amortization plus non-cash charges. Please note that the U.S. Securities and Exchange Commission does not endorse the use of EBITDA. However, FEMSA's management has chosen to present EBITDA because it believes it is a useful measure.

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FEMSA Cerveza

Net Sales

OPERATING HIGHLIGHTS	
% Change	**2 Qtr 01 vs 2 Qtr 00**
Domestic Volume	(4.3)%
Export Volume	11.6%
Total Volume	(3.0)%
Net Sales	2.9%
Income from Operations before management fees	(9.2)%

FEMSA Cerveza's net sales increased by 2.9% to Ps. 5.347 billion, despite a decline of 3.0% in total sales volume, reflecting the improvement in real revenue per hectoliter of 7.8% to Ps. 864.9 recorded for the second quarter of 2001. The improvement in real revenue per hectoliter reflects the increase in prices implemented during the first quarter and the first half of April 2001 and the acquisition of third party distributors over the last twelve months which results in lower wholesale margins (but higher operating expenses). Management estimates that growth in economic activity and private consumption has been strongest in the center regions, as a result of material improvement in disposable income. Consequently, the beer industry in these regions has grown at higher rates than the rest of the country. The northern economy, on the other hand, has been experiencing a deceleration of economic activity reflecting the slow-down of the US economy. Slower economic growth along with the persistent strengthening of the Peso against the Dollar affected demand for FEMSA Cerveza's products particularly in the northwestern region, where FEMSA Cerveza's brands typically sell at a premium compared to the rest of the country and in certain cases, compared to US domestic and discount brands sold along the border.

The glass returnable presentation recorded a decline of 5.5% in sales volume relative to the same period last year followed by the can presentation, which declined only by 1.2%. The glass non-returnable presentation increased by 6.2%, barely offsetting the decline recorded by the other presentations. Management attributes the disparity in the growth rates of the different presentations to the larger increase in the price of the glass-returnable presentation relative to the non-returnable presentations, according to the most recent price increase.

Export sales volume increased by 11.6% to 591 thousand hectoliters. Export revenues in U.S. dollar terms amounted to US$39.6 million, 11.9% above the comparable period last year. Export revenues in Peso terms declined by 0.1% to Ps. 364.5 million as a consequence of the real appreciation of the Peso against the U.S. dollar over the past twelve months.

Gross Profit

MARGINS		
	2 Qtr 01	**2 Qtr 00**
Gross margin	60.4%	58.7%
Operating margin before management fees	20.6%	23.3%

FEMSA Cerveza's cost of goods sold decreased by 0.8% relative to the second quarter of 2000 to Ps. 2.153 billion. The reduction in the cost of goods sold reflects lower fixed and variable costs of production. The reduction in variable costs experienced in the second quarter of 2001 is attributable to the decline in volume and to the real appreciation of the Peso against the Dollar, which reduced Peso costs of Dollar denominated raw materials. The reduction in fixed costs resulted from higher productivity and manufacturing efficiencies. Gross profit increased by 5.9% to Ps. 3.231 billion and the gross margin improved by 1.7 percentage points to 60.4% of net sales, reflecting the improvement in revenue per hectoliter and lower production costs.

Income from Operations

All comparisons for the three months ended June 30, 2001 in this report are made against the figures for the three months ended June 30, 2000.

FEMSA Cerveza's operating expenses increased by 14.5% to Ps. 2.122 billion. As a percentage of total revenues, operating expenses increased by 3.9 percentage points to 39.4%. The increase in operating expenses primarily reflects an increase in the number of employees relative to the same period last year, consequence of central office staffing in the areas of marketing and commercial development (pre-sale and ERP implementation staff). Furthermore, the increase in operating expenses also reflects the administrative, sales and distribution staff brought in-house as a result of the acquisition of third party franchises as well as expenditures in connection with FEMSA Cerveza´s marketing and sponsorship programs. FEMSA Cerveza's operating income after participation in the results of Labatt USA and before deduction of management fees paid to FEMSA and Labatt decreased by 9.2% to Ps. 1.107 billion in the second quarter of 2001. Operating margin before deduction of management fees paid to FEMSA and Labatt decreased by 2.7 percentage points as a percentage of total revenues to 20.6%.

Coca-Cola FEMSA

Going forward, FEMSA's earnings press release will incorporate the explanation of Coca-Cola FEMSA's financial results by reference to Coca-Cola FEMSA's press release annexed to FEMSA's press release.

FEMSA Comercio

FEMSA Comercio's net sales increased by 24.0% primarily driven by an increase of 21.6% in revenues recorded by the Oxxo Convenience Store Chain. During the second quarter of 2001, FEMSA Comercio opened 78 Oxxo convenience stores and 2 Bara stores. Average same store sales for Oxxo increased slightly by 1.4% relative to the second quarter of last year. The modest increase in average same store sales is in part attributable to the sharp decline in traffic experienced by the stores located in the northwest region of the country partially compensated by a healthy performance of the stores located in the northeastern region. The difference in regional performance is attributable to a much greater penetration of the Oxxo chain in the northwest border relative to the northeast border. Performance in the northwest recovered slightly in the month of June driven in part by an increase in beverage sales. FEMSA Comercio's operating income increased by 19.0% for the second quarter of 2001, below revenue growth and the operating margin before management fees paid to FEMSA decreased by 0.2 percentage points to 4.3% of total revenues.

OPERATING HIGHLIGHTS	
% CHANGE	**2 Qtr 01 vs 2 Qtr 00**
New stores in the quarter	78
Net sales	24.0%
Same store sales	1.4%
Income from operations Before management fees	19.0%

MARGINS		
	2 Qtr 01	2 Qtr 00
Gross margin	25.1%	25.4%
Operating margin before management fees	4.3%	4.5%

FEMSA Empaques

FEMSA Empaques recorded net sales growth of 2.3% and a decline in operating income of 5.5% for the second quarter of 2001. The slight decrease in volume sales of beverage cans together with the effect of the real appreciation of the Peso against the Dollar offset the high volume growth and improved profitability recorded by the glass bottle and other smaller business units. The decline in FEMSA Empaques operating income is therefore primarily attributable to a decrease in profitability of the beverage can operations. FEMSA Empaques' operating margin before management fees paid to FEMSA decreased by 1.2 percentage points to 15.6% of total revenues.

VOLUME GROWTH 2 Qtr 01 vs 2 Qtr 00	
Beverage cans	(2.6)%
Crown caps	5.5%
Glass bottles	18.8%

MARGINS		
	2 Qtr 01	2 Qtr 00
Gross margin	23.4%	25.0%
Operating margin before management fees	15.6%	16.8%

All comparisons for the three months ended June 30, 2001 in this report are made against the figures for the three months ended June 30, 2000.

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Unaudited Financial Results for the Six Months ended June 30, 2001 compared to the Six Months ended June 30, 2000

FEMSA Consolidated

Total Revenues/Net Sales

NET SALES GROWTH Six months ended June 30, 2001 vs. 2000	
FEMSA Consolidated	8.3%
FEMSA Cerveza	7.0%
Coca-Cola FEMSA	5.9%
FEMSA Empaques	4.9%
FEMSA Comercio	22.8%

FEMSA's consolidated total revenues increased by 8.5% to Ps. 23.849 billion and consolidated net sales increased by 8.3% to Ps. 23.743 billion. Net sales growth for the first half of 2001 was driven primarily by volume growth and improved pricing experienced by FEMSA Cerveza and Coca-Cola FEMSA in Mexico, and by the addition of 108 new Oxxo sites in the case of FEMSA Comercio. While FEMSA Empaques, on the other hand, continues to experience pricing pressure for its main product lines, it recorded solid volume growth in the glass bottle and crown cap businesses for the first six months of 2001.

Gross Profit

FEMSA's consolidated gross profit increased by 10.2% to Ps. 12.058 billion, representing a consolidated gross profit margin of 50.8%, an increase of 0.9 percentage points. The expansion in the consolidated gross profit margin reflects (i) healthy volume growth and an improvement in the price of FEMSA's beverage products and (ii) a decline in the cost of production reflecting higher productivity, cost savings initiatives and a more competitive environment in the sourcing of raw materials in general. Furthermore, the real appreciation of the Peso against the U.S. dollar over the last twelve months also result in lower variable cost as some of the Company's main raw and packaging materials are denominated in Dollars.

Income from Operations

CHANGE IN INCOME FROM OPERATIONS Before management fees Six months ended June 30, 2001 vs. 2000	
FEMSA Consolidated	9.7%
FEMSA Cerveza	(3.8)%
Coca-Cola FEMSA	29.7%
FEMSA Empaques	0.4%
FEMSA Comercio	13.9%

FEMSA's consolidated operating expenses (including goodwill amortization and management fees paid to Labatt) increased by 10.3% to Ps. 8.289 billion. The Company raised wages and salaries effective March of 2001 by approximately 8%. In addition, the labor costs of FEMSA Cerveza and FEMSA Comercio have increased because both companies are expanding their commercial and distribution infrastructure, which involves higher investment in technology and personnel. As a percentage of total revenues, consolidated operating expenses increased by 0.6 percentage points to 34.8%. The management fee paid by FEMSA Cerveza to Labatt amounted to Ps. 57.3 million for the first half of 2001. FEMSA's consolidated income from operations (after participation in the results of affiliated companies) increased by 9.7% to Ps. 3.768 billion, driven primarily by an increase in profitability in Coca-Cola FEMSA. FEMSA's consolidated operating margin increased by 0.2 percentage points to 15.8% of consolidated total revenues.

Net Income

FEMSA's consolidated net income increased by 34.8% from Ps. 1.501 billion recorded in the first half of 2000 to Ps. 2.024 billion for the first half of 2001. The increase in net income recorded for the first half of

All comparisons for the six months ended June 30, 2001 in this report are made against the figures for the six months ended June 30, 2000.

2001 reflects (i) a 9.7% increase in consolidated income from operations and (ii) a decrease of 108.0% in the consolidated integral result of financing.

In the first half of 2001, FEMSA recorded a consolidated integral result of financing income of Ps. 61 million, compared to a consolidated integral result of financing expense of Ps. 766 million for the comparable period in 2000 (which includes the foreign exchange loss from the hedge program of 2000). During the first half of 2001, consolidated net financial expense decreased by 43.2% to Ps. 193 million compared to the first half of 2000. The decline in net financial expense of 17.7% was attributable to (i) a 1 percentage point reduction in the decline in the weighted average cost of debt reflecting lower base rates for the Company's variable-rate debt (ii) a decrease in the Company´s consolidated indebtedness and (iii) the appreciation of the Peso against the Dollar , all of which reduce the Company's interest expense. In addition, consolidated interest income increased by 25.2% reflecting higher cash balances despite lower interest rates earned on Peso investments relative to the first half of 2000.

FEMSA recorded a consolidated foreign exchange gain of Ps. 206 million compared to a foreign exchange loss of Ps. 514 million for the first half of 2000, primarily reflecting the effect of the appreciation of the Peso against the Dollar on FEMSA's Dollar denominated indebtedness. In addition, the base comparison for the first semester of 2000 includes the losses of FEMSA's 2000 hedge program.

The result for the consolidated monetary position amounted to Ps. 48 million, an decrease of 45.5% compared to Ps. 88 million recorded for the same period last year. The decrease in the consolidated result for monetary position reflects the net effect of (i) a significant decline in the net monetary position for the Company's Mexican operations (which reduced the result for monetary position recorded for the Mexican operations relative to the same period last year) which was only partially compensated by (ii) the increase in the result for monetary position recorded by Coca-Cola FEMSA Buenos Aires to reflect the Argentine inflation for the first semester of 2001 (compared to a deflation experienced during the first semester of 2000).

FEMSA consolidated other expenses for the first six months of 2001 amounted to Ps. 210 million compared to consolidated other expenses of Ps. 44 million recorded for the first six months of 2000 reflecting an increase in (i) asset write offs and (ii) severance payments.

The Company's income tax, tax on assets and employee profit sharing amounted to Ps. 1.610 billion for the first half of 2001, increasing by 43.4% relative to the first half of 2000. The Company's average tax rate was 44.0%, higher than the 42.8% average tax rate in the first half of 2000.

Consolidated net majority income amounted to Ps. 1.346 billion for the first half of 2001 compared with Ps. 1.022 billion recorded in the first half of 2000. Net majority income per FEMSA Unit[1] amounted to Ps. 1.270, compared with Ps. 0.957 for the same period last year, an increase of 32.8%.

I HALF	**Per FEMSA Unit[1]**	
Pesos	**2001**	**2000**
Net Majority Income	1.270	0.957
EBITDA[2]	5.262	4.869

[1]FEMSA Units consists of FEMSA UBD units and FEMSA UB units. Each FEMSA UBD unit is comprised of one Series B share, two Series D-B shares and two Series D-L shares. Each FEMSA UB unit is comprised of five series B shares. The number of FEMSA Units outstanding as of June 30, 2001 was 1,059,462,090 , equivalent to the total number of shares of the Company outstanding as of June 30, 2001 divided by 5.

[2] EBITDA is calculated as income from operations plus depreciation and amortization plus non-cash charges. Please note that the U.S. Securities and Exchange Commission does not endorse the use of EBITDA. However, FEMSA's management has chosen to present EBITDA because it believes it is a useful measure.

FEMSA Cerveza

Net Sales

OPERATING HIGHLIGHTS % Change Six months ended June 30, 2001 vs. 2000	
Domestic Volume	2.9%
Export Volume	9.7%
Total Volume	3.4%
Net Sales	7.0%
Income from Operations	(3.8)%

FEMSA Cerveza’s net sales increased by 7.0% to Ps. 9.631 billion reflecting (i) a 3.4% increase in total sales volume and (ii) a 9% nominal increase in the domestic price of beer implemented during the first quarter and the first half of April 2001. Real domestic revenue per hectoliter improved 4.5% to 837.3 Pesos per hectoliter for the first half of 2001 as a result of (i) the increase in the domestic price of beer and (ii) the acquisition of third party franchises which results in a reduction in wholesale margins (margins granted to distributors) but an increase in operating expenses.

For the first six months of 2001, FEMSA Cerveza’s domestic sales volume has increased approximately by 5% in the Center and in the Northeast regions of the country, reflecting the growth in beer demand as a consequence of a healthy improvement in purchasing power in the Center and successful execution in key markets in the Northeast. On the other hand, the prevailing strength of the Peso has diminished the competitiveness of Mexican beer in certain border cities in the Northwest where FEMSA Cerveza´s brands sell at a premium relative to other regions of the country. Nonetheless, FEMSA Cerveza´s management believes that for the first six months of 2001, FEMSA Cerveza´s market participation in the north of Mexico is stable compared to the same period last year. Finally, FEMSA Cerveza’s sales in the South of the country for the first six months of 2001 have been adversely affected by the earlier implementation of price increases relative to the competition and as a consequence of further inventory adjustments from third party distributors. As a result of less optimistic macroeconomic assumptions for 2001 and the decline in sales volume experienced in the second quarter of 2001, management forecasts approximately 3% domestic sales volume growth for the full year, on the lower end of the previously stated range.

Both the one liter and twelve ounce glass returnable presentations have declined as a percentage of domestic sales volume while the can and the glass non-returnable presentations have increased. Management attributes the increase in one-way presentations as a proportion of domestic sales volume to a slight decline in the relative prices of such presentations compared to those of returnable presentations as a consequence of the most recent price increase. The increase in the price of the glass returnable presentations (the preferred package by the price-sensitive consumer) was higher than the price increase in non-returnable presentations. Furthermore, demand for non-returnable presentations is recovering from depressed levels last year.

Export sales volume grew by 9.7% to 930 thousand hectoliters for the first half of 2001. Sales volume to North America increased by 10.7% and accounted for 88.8% of FEMSA Cerveza’s export sales volume. Export revenues decreased by 0.5% to Ps. 588.5 million, and in U.S. dollar terms, export revenues increased by 8.7% to US$62.6 million.

MARGINS		
Six months ended June 30	2001	2000
Gross margin	58.2%	56.9%
Operating margin before management fees	15.9%	17.7%

Gross Profit

FEMSA Cerveza’s cost of goods sold increased by 4.3% to Ps. 4.098 billion, below revenue growth recorded for the first six months of 2001, reflecting a decrease in variable and freight expense as a percentage of sales and a slight reduction in fixed manufacturing costs (plants). FEMSA Cerveza’s recorded gross profit growth of 9.5% to Ps. 5.602 billion and the gross margin increased by 1.3 percentage points to 58.2% of net sales. The improvement in gross margin resulted from (i)

All comparisons for the six months ended June 30, 2001 in this report are made against the figures for the six months ended June 30, 2000.

growth in sales volume, (ii) higher domestic revenue per hectoliter, and (iii) a reduction of fixed and variable manufacturing costs as a percentage of net sales in connection with lower prices of raw materials and packaging costs resulting from a more competitive environment in the domestic market and from the effect of a real appreciation of the Peso against the Dollar in the Dollar denominated raw and packaging materials.

Income from Operations

FEMSA Cerveza's operating expenses increased by 15.2% to Ps. 4.058 billion, representing 41.8% of total revenue, compared to 38.9% of total revenue for the same period last year. Administrative expenses increased by 26.3% in connection with an increase in the number of employees for the last twelve months. The increase in personnel for the last twelve months reflects the staffing of the marketing organization, the incorporation of the pre-sale and ERP implementation staff under the commercial development organization, and the incorporation of the administrative structure of the third party franchises acquired over the last twelve months. Selling expenses increased by 11.9% primarily as a result of (i) an increase in marketing and promotional expenses in connection with FEMSA Cerveza's consumer oriented strategy and (ii) an increase in distribution expenses as a result of the acquisition of third party distributors. FEMSA Cerveza's income from operations, after participation in the results of Labatt USA and before deduction of management fees paid to FEMSA and to Labatt, decreased by 3.8% to Ps. 1.544 billion. FEMSA Cerveza's operating margin before management fees decreased by 1.8 percentage points to 15.9% of net sales.

Coca-Cola FEMSA

Going forward, FEMSA's earnings press release will incorporate the explanation of Coca-Cola FEMSA's financial results by reference to Coca-Cola FEMSA's press release annexed to FEMSA's press release.

FEMSA Comercio

FEMSA Comercio's net sales increased by 22.8% primarily driven by an increases of 21.0% recorded by the Oxxo Convenience Store Chain. Oxxo's net sales growth was driven by (i) the addition of 108 new stores during the first six months of 2001 and 298 stores for the past twelve months and (ii) an increase of 1.4% in average same store sales compared to the first semester of 2000. Same store sales increased by 4.0% in the Northeast region of the country in part reflecting of healthy growth rates in the beverage category, and picked up in the Center after a difficult first quarter. Stores located in the Northwest region of the country have experienced a decline in traffic, and therefore in same store sales, reflecting weakness in beverage sales. Furthermore, the high concentration of Oxxo stores along the Northwest border exposes the Oxxo chain to greater competition from supermarkets and convenience stores located along the USA border, particularly during periods of sustained peso overvaluation.

OPERATING HIGHLIGHTS	Six months ended June 30, 2001 vs. 2000
Total stores	108
Net sales	22.8%
Same store sales	1.4%
Income from operations	13.9%

MARGINS		
Six months ended June 30	2001	2000
Gross margin	25.1%	25.7%
Operating margin before management fees	3.9%	4.2%

Average traffic per store for the Oxxo chain for the first six months of 2001 has declined by 2.1% but has been compensated by higher growth tickets per customer of 3.5% for the same period. As of June 30, 2001 FEMSA Comercio had 1,559 Oxxo sites and 33 Bara sites in operation. Operating income recorded by the Oxxo Convenience Store Chain improved by 12.3% for the first six months of 2001. FEMSA Comercio's operating income however increased only 13.9% for the first half of 2001, and the operating margin before management fees paid to FEMSA decreased by 0.3 percentage points to 3.9% of total revenues, reflecting the operating loss recorded by the Bara stores and the expenses in connection with e-commerce projects.

VOLUME GROWTH	
	Six months ended June 30, 2001 vs. 2000
Beverage cans	(1.4)%
Crown caps	9.5%
Glass bottles	24.8%

MARGINS		
Six months ended June 30	2001	2000
Gross margin	23.6%	24.7%
Operating margin before management fees	15.1%	15.8%

FEMSA Empaques

FEMSA Empaques' net sales increased 4.9% for the first six months of 2001, while recording an increased in operating income of 0.4%. Weak beverage can sales reflecting a decline in purchases by FEMSA Cerveza and Coca-Cola FEMSA in the second quarter and the on-going strengthening of the Peso against the Dollar, were compensated by a surge in sales of glass bottles to Coca-Cola FEMSA and to third party clients and by a 24.2% growth of crown cap export volumes. The improvement in the profitability of the glass and other businesses was not sufficient to offset the decline in profitability of the beverage can business, therefore FEMSA Empaques' operating margin before management fees paid to FEMSA decreased by 0.7 percentage points to 15.1% of total revenues.

All comparisons for the six months ended June 30, 2001 in this report are made against the figures for the six months ended June 30, 2000.

Set forth before is certain unaudited financial information for Fomento Económico Mexicano, S.A. de C.V. and its subsidiaries ("FEMSA" or the "Company") (NYSE: FMX; BMV: FEMSA UBD) for the second quarter and six months ended June 30, 2001, compared to the second quarter and six months ended June 30, 2000. FEMSA is a holding company whose principal activities are grouped under the following seven subholding companies (the "Subholding Companies") and carried out by their respective operating subsidiaries: FEMSA Cerveza, S.A. de C.V. ("FEMSA Cerveza"), which engages in the production, distribution and marketing of beer; Coca-Cola FEMSA, S.A. de C.V. ("Coca-Cola FEMSA"), which engages in the production, distribution and marketing of soft drinks; FEMSA Empaques, S.A. de C.V. ("FEMSA Empaques"), which engages in the production and distribution of packaging materials; FEMSA Comercio, S.A. de C.V. ("FEMSA Comercio"), which engages in the operation of convenience stores; Desarrollo Comercial FEMSA, S.A. de C.V. ("DCF"), which owns 50.01% of the voting capital stock of Empresas Amoxxo, S.A. de C.V. ("Amoxxo"), which operates convenience stores adjacent to gasoline stations; Logística CCM, S.A. de C.V. ("Logística CCM") which provides logistics management services to FEMSA Cerveza, and FEMSA Logística, S.A. de C.V. ("FEMSA Logística"), which provides logistics management services to Coca-Cola FEMSA, FEMSA Empaques and, recently, to third party clients.

All of the figures in this report have been restated in constant Mexican Pesos ("Pesos" or "Ps.") with purchasing power as of June 30, 2001 and were prepared in accordance with Mexican Generally Accepted Accounting Principles ("Mexican GAAP"). As a result, all percentage changes are expressed in real terms. The restatement was determined as follows:

- For the results of the Mexican operations, using factors derived from the Mexican National Consumer Price Index ("NCPI"). To restate June 2000 Pesos to June 2001 Pesos, the Company applied an inflation factor of 1.0677 and to restate March 2001 Pesos to June 2001 Pesos, the Company applied a 1.0110 inflation factor.
- For the results of the Buenos Aires operations, using factors derived from the Argentine National Consumer Price Index of 1.0025 to restate June 2000 argentine Pesos to June 2001 Pesos and of 1.01 to restate March 2001 argentine Pesos to June 2001 Pesos; and converting constant Argentine Pesos into Pesos, based on the June 30, 2001 exchange rate of Ps. 9.079 per Argentine peso.

This report may contain certain forward-looking statements concerning FEMSA's future performance that should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.

IMPORTANT NOTICES:

We invite you to register in our Investor Relations Site located at http://ir.femsa.com to receive notification of all of our press releases, earnings releases and IR Events automatically through our e-mail alert service.

Please contact FEMSA's Investor Relations officers if you wish to have your name added or removed from this distribution list or to receive this press release through a specific medium only.

Three pages of tables to follow and Coca-Cola FEMSA's press release

FEMSA

OPERATING DATA

For the three months and six months ended June 30, 2001 and 2000

FEMSA Cerveza

Shipments
(Thousand hectoliters)

		For the II quarter of:			For the I semester of:		
		2001	**2000**	**%Var**	**2001**	**2000**	**%Var**
Domestic:							
Returnable		4,479	4,739	(5.5)	8,391	8,350	0.5
Non-returnable		207	195	6.2	370	331	11.8
Cans		1,076	1,089	(1.2)	2,038	1,813	12.4
Total Domestic		5,762	6,023	(4.3)	10,799	10,494	2.9
Exports		591	530	11.6	930	848	9.7
Total Volume		6,353	6,553	(3.0)	11,729	11,342	3.4
Exports revenues:	Millions Ps.	364.5	364.8	(0.1)	588.5	591.5	(0.5)
	US Millions	39.6	35.4	11.9	62.6	57.6	8.7

Coca-Cola FEMSA

Sales Volumes
(Millions of Unit Cases)

	For the II quarter of:			For the I semester of:		
	2001	**2000**	**%Var**	**2001**	**2000**	**%Var**
Valley of México	92.4	88.6	4.3	173.8	166.0	4.7
Southeast	32.9	30.2	8.9	59.5	56.7	4.9
Mexico	125.3	118.8	5.5	233.3	222.7	4.8
Buenos Aires	29.7	25.6	15.8	65.4	59.3	10.4
Total	155.0	144.4	7.3	298.7	282.0	5.9

Presentation Mix (%)
(Returnable/Non-Returnable)

	2001	**2000**	**2001**	**2000**
Valley of Mexico	39/61	41/59	41/59	42/58
Southeast	44/56	50/50	46/54	52/48
Valley of Mexico	41/59	44/56	42/58	44/56
Buenos Aires	6/94	10/90	7/93	10/90
Total	34/66	38/62	34/66	37/63

FEMSA Empaque

Total Sales Volume
(Millions of pieces)

		For the II quarter of:			For the I semester of:		
		2001	**2000**	**%Var**	**2001**	**2000**	**%Var**
Cans		795	816	(2.6)	1,445	1,466	(1.4)
Crown caps		3,812	3,614	5.5	7,068	6,454	9.5
Glass Bottles		261	220	18.8	455	365	24.8
Export volumes:	Cans	52	68	(23.8)	110	125	(11.8)
	Crown caps	1,921	1,617	18.8	3,518	2,833	24.2
Exports revenues:	Millions Ps.	165.3	167.9	(1.5)	322.4	312.4	3.2
	US Millions	18.0	16.4	9.8	73.2	30.4	140.8

Percentage of sales revenue by client category:

	For the II quarter of:			For the I semester of:		
	2001	**2000**	**Var p.p.**	**2001**	**2000**	**Var p.p.**
Intercompany sales	56.4	57.6	(1.2)	57.4	52.7	4.7
FEMSA Cerveza	44.9	43.7	1.2	46.2	39.7	6.5
Coca-Cola FEMSA	11.5	13.9	(2.4)	11.2	13.0	(1.8)
Third-party sales	43.6	42.4	1.2	42.6	47.3	(4.7)
Domestic	34.7	33.2	1.5	33.4	38.1	(4.7)
Export	8.9	9.2	(0.3)	9.2	9.2	-
Total	100.0	100.0		100.0	100.0	

FEMSA Comercio

	For the II quarter of:			For the I semester of:		
	2001	**2000**	**%Var**	**2001**	**2000**	**%Var**
Total stores				1,559	1,261	23.6
Comparative same stores:						
Average monthly sales (Ths. Ps.)	547.9	540.3	1.4	516.6	509.5	1.4

FEMSA

CONSOLIDATED INCOME STATEMENT
For the months ended June 30, :

BALANCE SHEET
As of June 30, :

(Expressed in Millions of Pesos as of June 30, 2001)

	For the II quarter of:			For the I semester of:		
	2001	2000	% Var	2001	2000	% Var
Net sales	12,814	11,921	7.5	23,743	21,930	8.3
Other operating revenues	45	20	125.0	106	51	107.8
Total revenues	12,859	11,941	7.7	23,849	21,981	8.5
Cost of sales	6,221	5,865	6.1	11,791	11,044	6.8
Gross profit	6,638	6,076	9.2	12,058	10,937	10.2
Administrative expenses	1,119	967	15.7	2,194	1,954	12.3
Selling expenses	3,188	2,888	10.4	6,095	5,559	9.6
Operating expenses	4,307	3,855	11.7	8,289	7,513	10.3
	2,331	2,221	5.0	3,769	3,424	10.1
Participation in affiliated companies	(2)	22	(109.1)	(1)	10	(110.0)
Income from operations	2,329	2,243	3.8	3,768	3,434	9.7
Interest expense	213	277	(23.1)	446	542	(17.7)
Interest income	110	106	3.8	253	202	25.2
Interest expense, net	103	171	(39.8)	193	340	(43.2)
Foreign exchange loss (gain)	(165)	513	(132.2)	(206)	514	(140.1)
Gain on monetary position	43	10	330.0	48	88	(45.5)
Integral result of financing	(105)	674	(115.6)	(61)	766	(108.0)
Other expenses	109	23	373.9	168	44	281.8
Income before taxes	2,325	1,546	50.4	3,661	2,624	39.5
Taxes	1,048	642	63.2	1,610	1,123	43.4
Effect of changes in accounting principles				(27)		
Net Income	1,277	904	41.3	2,024	1,501	34.8
Net majority income	849	605	40.3	1,346	1,022	31.7
Net minority income	428	299	43.1	678	479	41.5

	% Ingresos Totales			% Total Revenues		
	2001	2000	Var P.P.	2001	2000	Var P.P.
Net sales	99.7	99.8	(0.2)	99.6	99.8	(0.2)
Other operating revenues	0.3	0.2	0.2	0.4	0.2	0.2
Total revenues	100.0	100.0	-	100.0	100.0	-
Cost of sales (1)	48.4	49.1	(0.7)	49.4	50.2	(0.8)
Gross profit (1)	51.6	50.9	0.7	50.6	49.8	0.8
Administrative expenses	8.7	8.1	0.6	9.2	8.9	0.3
Sales expenses	24.8	24.2	0.6	25.6	25.3	0.3
Operating expenses	33.5	32.3	1.2	34.8	34.2	0.6
	18.1	18.6	(0.5)	15.8	15.6	0.2
Participation in affiliated companies	(0.0)	0.2	(0.2)	(0.0)	0.0	(0.0)
Income from operations	18.1	18.8	(0.7)	15.8	15.6	0.2

(1) % to Net sales

ASSETS	2001	2000	% Var
Cash and cash equivalents	4,639	3,413	35.9
Accounts receivable	2,895	2,901	(0.2)
Inventories	4,159	4,192	(0.8)
Prepaid expenses	910	774	17.6
Total Current Assets	12,603	11,280	11.7
Property, plant and equipment, net	27,511	27,365	0.5
Deferred charges and other assets	6,134	5,953	3.0
TOTAL ASSETS	46,248	44,598	3.7
LIABILITIES & STOCKHOLDERS´ EQUITY			
Bank loans	2,466	1,803	36.8
Current maturities long term debt	284	654	(56.6)
Interest payable	129	172	(25.0)
Operating liabilities	5,903	5,798	1.8
Total Current Liabilities	8,782	8,427	4.2
Bank loans	5,564	7,254	(23.3)
Labor liabilities	673	576	16.8
Other liabilities	4,333	4,079	6.2
Total Liabilities	19,352	20,336	(4.8)
Total Stockholders' equity	26,896	24,262	10.9
LIABILITIES & STOCKHOLDERS' EQUITY	46,248	44,598	3.7

Capital expenditures			
Millions of pesos	2,634	2,088	26.1
Millions of dollars	270	204.0	32.4

FINANCIAL RATIOS			
Liquidity	1.44	1.34	0.10
Debt service coverage (2)	28.88	15.30	13.59
Leverage	0.72	0.84	(0.12)
Capitalization	0.26	0.31	(0.05)

(2) Income from operations + depreciation + other non-cash charges / interest expense, net

FEMSA

Income Statement

Millions of period end pesos of June 30, 2001

For the first semester of:

	FEMSA Cerveza		Coca-Cola FEMSA		FEMSA Empaques		Comercio*		FEMSA Logística		FEMSA Consolidado	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Net sales	9,630.6	8,999.2	8,432.4	7,961.4	3,197.6	3,047.7	4,692.6	3,820.3	704.4	679.5	23,743.0	21,930.0
Other revenues	69.4	47.6	90.3	35.7	3.2	4.1	0.4	0.5	4.8	0.0	106.0	51.0
Total revenues	9,700.0	9,046.8	8,522.7	7,997.1	3,200.8	3,051.8	4,693.0	3,820.8	709.2	679.5	23,849.0	21,981.0
Cost of good sold	4,097.6	3,929.7	4,080.3	4,015.2	2,445.9	2,300.4	3,517.3	2,839.7	603.5	582.5	11,791.0	11,044.0
Gross margin	5,602.4	5,117.1	4,442.4	3,981.9	754.9	751.4	1,175.7	981.1	105.7	97.0	12,058.0	10,937.0
Administrative expenses	1,033.7	818.6	624.3	613.4	89.6	87.7	93.1	89.5	50.7	44.6	2,080.5	1,840.0
Sales expenses	3,024.4	2,703.3	1,989.2	1,942.6	181.1	181.3	901.4	732.5			6,095.0	5,559.0
Management fee paid to Labatt											57.3	54.7
Goodwill amortization			56.2	59.3							56.2	59.3
Operating expenses	4,058.1	3,521.9	2,669.7	2,615.3	270.7	269.0	994.5	822.0	50.7	44.6	8,289.0	7,513.0
Operating income	1,544.3	1,595.2	1,772.7	1,366.6	484.2	482.4	181.2	159.1	55.0	52.4	3,769.0	3,424.0
L-USA	(0.7)	10.1									(1.0)	10.0
Comparable EBIT	1,543.6	1,605.3	1,772.7	1,366.6	484.2	482.4	181.2	159.1	55.0	52.4	3,768.0	3,434.0
Management fee	190.9	182.4			49.9	46.5	37.4	11.2				
Total EBIT	1,352.7	1,422.9	1,772.7	1,366.6	434.3	435.9	143.8	147.9	55.0	52.4	3,768.0	3,434.0
Depreciation	470.4	439.2	325.8	300.2	120.9	126.3	39.7	39.7	16.2	24.5	977.5	936.8
Other non-cash charges	525.9	497.9	238.7	277.8	13.6	11.1	38.7	31.8	1.9	1.0	828.9	830.2
EBITDA	2,349.0	2,360.0	2,337.2	1,944.6	568.8	573.3	222.2	219.4	73.1	77.9	5,574.4	5,201.0
Comparable												
EBIT/Revenues	15.9	17.7	20.8	17.1	15.1	15.8	3.9	4.2	7.8	7.7	15.8	15.6
EBITDA/Revenues	26.2	28.1	27.4	24.3	19.3	20.3	5.5	6.0	10.3	11.5	23.4	23.7
Total												
EBIT/Revenues	13.9	15.7	20.8	17.1	13.6	14.3	3.1	3.9	7.8	7.7	15.8	15.6
EBITDA/Revenues	24.2	26.1	27.4	24.3	17.8	18.8	4.7	5.7	10.3	11.5	23.4	23.7
Capital Expenditures	1,906.7	1,319.7	368.4	414.5	38.3	155.9	279.5	175.1	39.3	21.4	2,633.9	2,087.6

* Include FEMSA Comercio and Amoxxo

FEMSA

Income Statement

Millions of period end pesos of June 30, 2001

For the second quarter of:

	FEMSA Cerveza		Coca-Cola FEMSA		FEMSA Empaques		Comercio*		FEMSA Logística		FEMSA Consolidado	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Net sales	5,347.7	5,197.4	4,367.6	4,087.2	1,721.0	1,681.8	2,547.9	2,054.0	358.3	388.6	12,814.0	11,921.0
Other revenues	36.3	24.5	37.2	16.8	1.5	2.5	0.2	0.3	1.8	(0.9)	45.0	20.0
Total revenues	5,384.0	5,221.9	4,404.8	4,104.0	1,722.5	1,684.3	2,548.1	2,054.3	360.1	387.7	12,859.0	11,941.0
Cost of good sold	2,153.2	2,171.3	2,071.1	2,045.1	1,319.0	1,264.6	1,909.8	1,531.9	311.7	339.5	6,221.0	5,865.0
Gross margin	3,230.8	3,050.6	2,333.7	2,058.9	403.5	419.7	638.3	522.4	48.4	48.2	6,638.0	6,076.0
Administrative expenses	530.4	424.0	311.8	309.4	44.9	39.6	48.9	47.5	23.9	23.1	1,063.0	910.3
Sales expenses	1,591.7	1,430.1	1,023.5	979.0	90.5	96.5	480.5	383.4	0.0	0.0	3,188.0	2,888.0
Management fee paid to Labatt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.5	27.1
Goodwill amortization	0.0	0.0	27.5	29.6	0.0	0.0	0.0	0.0	0.0	0.0	27.5	29.6
Operating expenses	2,122.1	1,854.1	1,362.8	1,318.0	135.4	136.1	529.4	430.9	23.9	23.1	4,307.0	3,855.0
Operating income	1,108.7	1,196.5	970.9	740.9	268.1	283.6	108.9	91.5	24.5	25.1	2,331.0	2,221.0
L-USA	(2.0)	22.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.0)	22.0
Comparable EBIT	1,106.7	1,218.5	970.9	740.9	268.1	283.6	108.9	91.5	24.5	25.1	2,329.0	2,243.0
Management fee	95.1	90.4	0.0	0.0	27.1	25.6	30.6	6.1	0.0	0.0	0.0	0.0
Total EBIT	1,011.6	1,128.1	970.9	740.9	241.0	258.0	78.3	85.4	24.5	25.1	2,329.0	2,243.0
Depreciation	234.5	217.4	170.3	147.6	66.4	68.5	19.5	19.6	8.2	12.2	501.1	467.9
Other non-cash charges	302.5	223.7	114.9	140.2	5.0	6.3	19.7	16.1	0.8	0.4	448.0	391.3
EBITDA	1,548.6	1,569.2	1,256.1	1,028.7	312.4	332.8	117.5	121.1	33.5	37.7	3,278.1	3,102.2
Comparable												
EBIT/Revenues	20.6	23.3	22.0	18.1	15.6	16.8	4.3	4.5	6.8	6.5	18.1	18.8
EBITDA/Revenues	30.5	31.8	28.5	25.1	19.7	21.3	5.8	6.2	9.3	9.7	25.5	26.0
Total												
EBIT/Revenues	18.8	21.6	22.0	18.1	14.0	15.3	3.1	4.2	6.8	6.5	18.1	18.8
EBITDA/Revenues	28.8	30.1	28.5	25.1	18.1	19.8	4.6	5.9	9.3	9.7	25.5	26.0
Capital Expenditures	1,001.1	680.5	232.3	123.5	1.8	88.3	167.4	114.1	47.3	8.3	1,450.0	1,015.6

* Include FEMSA Comercio and Amoxxo

RESS RELEASE

FOR IMMEDIATE RELEASE

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COCA-COLA FEMSA, S.A. DE C.V.

Coca Cola FEMSA Announces 31.0% Operating Profit Growth For Second Quarter 2001

SECOND QUARTER 2001

- Consolidated sales volume increased by 7.3%, driven by a 5.5% and 15.8% increase in sales volume in the Mexican and Argentine operations, respectively
- Consolidated operating income increased 31.0% to Ps. 970.9 million, reaching a consolidated operating margin of 22.0%, an increase of 4.0 percentage points from the second quarter of 2000
- Consolidated earnings, before interest, tax, depreciation and amortization ("EBITDA")[5] increased by 22.1% over second quarter of 2000 to Ps. 1,256.1 million
- Consolidated majority net income increased 93.0% reaching Ps. 532.6 million, resulting in an earnings per share ("EPS") of Ps. 0.37 (US$0.41 per ADR)

Mexico City (July 26, 2001) – Coca-Cola FEMSA, S.A. de C.V. (NYSE: KOF) ("KOF" or the "Company"), one of the global Coca-Cola anchor bottlers and the largest Coca-Cola bottler in Mexico and Argentina, announced today its consolidated results for the second quarter of 2001.

"The outstanding performance of Coca-Cola FEMSA during the second quarter of 2001, reflects the knowledge of the soft drinks market and the expertise implementing sale strategies developed by our management on their pursuit to drive profitability and growth" stated Carlos Salazar, Chief Executive Officer of the Company.

[5] Coca-Cola FEMSA calculated EBITDA based on income from operations plus depreciation, amortization and non-cash items (including bottle breakage expenses). The U.S. Securities Exchange Commission does not endorse the use of EBITDA; however, the management believes that reporting EBITDA is an industry standard and is a useful measure.

CONSOLIDATED RESULTS

Consolidated total revenues increased by 7.3% to Ps. 4,404.8 million during the second quarter of 2001. Strong volume growth in both Mexican and Argentine operations, combined with an improvement in average prices in Mexico, more than compensated for the decrease in average prices in Argentina. The net result was a 31.0% increase in consolidated operating profit over the comparable 2000 period.

Consolidated EBITDA grew 22.1%, reaching Ps. 1,256.1 million for the second quarter of 2001. EBITDA margin rose to 28.5% versus a 25.1% margin in the second quarter of 2000.

Integral cost of financing reached Ps. 31.5 million for the second quarter of 2001, which was substantially lower than the Ps. 178.3 million expense in the second quarter of 2000. The following factors contributed to the net decrease:

- The Company's foreign exchange loss reached Ps. 43.9 million during the second quarter. This loss reflected mainly the spread between the strike prices of several dollar-denominated options and the exchange rate at maturity of each option, as well as the amortization of the fees paid for these options
- Net interest expense decreased by 82.4% due to the Company's significant cash holdings relative to the second quarter of 2000
- The gain on monetary position was generated by the Mexican and Argentina inflation applied to the net monetary liabilities

Consolidated net income increased by 93.0% from Ps. 275.9 million recorded in the second quarter of 2000 to Ps. 532.6 million for the same period in 2001. Net income per share reached Ps. 0.37 (US$0.41 per ADR).

BALANCE SHEET

On June 30, 2001, Coca-Cola FEMSA recorded a cash balance of Ps. 2,964.7 million (US$326.5 million) and total bank debt of Ps. 2,781.4 million (US$306.4 million). As compared to March 31, 2001, this represents a US$56.1 million increase in cash and cash equivalents during the quarter.

RESULTS OF OPERATIONS IN MEXICO

Sales Volume

Sales volume in the Mexican territories amounted to 125.3 million unit cases ("MUC")[6] for the second quarter of 2001, an increase of 5.5% over the second quarter 2000.

The increase in sales volume in our Mexican territories was attributable to (i) the volume growth of the *Coca-Cola* and *Coca-Cola Light* brands, the latter displaying a strong growth of 13.9% in the second quarter of 2001, (ii) the performance of the recently introduced *Senzao*, a new carbonated guarana flavored brand, which represented 2.5% of the total brand mix during the second quarter of 2001, (iii) the introduction of a new 250 ml. one-way PET *Delaware Punch* presentation, which accounted for 30% of the total packaging mix for this flavor at the end of the second quarter of 2001, and (iv) the volume increase of *Ciel* and *Ciel Mineralizada*, Coca-Cola trademark still and sparkling water brands, which together, represented 4.7% of the total brand mix in the second quarter of 2001 from 3.5% in the same quarter in 2000.

[6] The "Unit Case" is a unit measurement equivalent to 24 eight-ounce servings

Average revenue per unit case increased by 2.1% as compared to the second quarter of 2000, reaching Ps. 29.1 per unit case. The increase in average price per unit case was mainly attributable to the price increase implemented in November of 2000, and sales growth in non-returnable presentations, which accounted for 59.2% of our total packaging mix during the second quarter of 2001 versus 56.3% during the second quarter of 2000.

Gross Profit

The cost of goods sold increased by 2.6% as compared to the second quarter of 2000, yet declined as a percentage of net sales, resulting in a gross margin improvement of 2.4 percentage points to 54.2% from 51.8% recorded in the second quarter of 2000. Gross margin expansion resulted from (i) an increase in revenue per unit case sold, (ii) higher fixed-cost absorption driven by sales volume growth, (iii) lower unit price of certain raw materials as a result of the appreciation of the Mexican peso versus the U.S. dollar, specifically, packaging materials (aluminum and PET), and (iv) realization of fixed-cost reductions from the closings of two plants in the southeast of Mexico, Tapachula and Minatitlan, as well as the closing of the Tlanepantla plant in the Valley of Mexico, all of them during 2000.

Income from Operations

During the second quarter of 2001, administrative and selling expenses increased by 1.4% and 0.5%, respectively, mainly reflecting (i) an increase in sale volumes and (ii) an increase in real wages and salaries. However, administrative and selling expenses decreased, as percentage of total revenues, by 0.5 and 1.5 percentage points respectively.

The gross margin improvement along with the reduction of operating expenses as a percentage of total sales resulted in an operating margin expansion of 4.4 percentage points from 21.4% recorded in the second quarter of 2000 to 25.8% in the second quarter of 2001.

Operating profit for the period amounted to Ps. 944.8 million, an increase of 29.7%, and EBITDA reached Ps. 1,149 million, an increase of 23.0%, both with respect to the second quarter of 2000.

RESULTS OF OPERATIONS IN BUENOS AIRES

"Despite the challenging economic environment in Argentina, Coca-Cola FEMSA demonstrated again its expertise in developing new products and presentations, implementing brand-segmentation and channel-marketing strategies, as well as cost-cutting programs. These strategies have more than compensated the reduction in average unit prices, resulting in an operating profit and EBITDA increase of 33.3% and 13.5%, respectively, for the second quarter of the year versus the same quarter last year" stated Carlos Salazar, Chief Executive Officer of the Company.

Sales Volume

Sales volume in the Argentine territories amounted to 29.7 MUC for the second quarter of 2001, an increase of 15.8% over the second quarter of 2000, in line with the 16.0% growth rate recorded by the Coca-Cola system in Argentina.

The sales volume increase in Buenos Aires was attributable to (i) the volume growth of the cola brands (particularly *Coca-Cola Light*) growing 15.9% in the second quarter of 2001, versus the same period last year and (ii) the strong performance of the value protection brands, *Tai* and *Crush*, which represented 11.5% of our total product mix during the second quarter of 2001.

Due to the growing participation of the *Tai* and *Crush* brands within our portfolio, which have a lower price-per-ounce than the core brands, and the fact that there was a change of mix toward larger packaging presentations, the average revenue per unit case decreased by 11.3%, as compared to the second quarter of 2000, reaching A$2.66 per unit case.

Nevertheless, the increase in sale volumes more than compensated the decrease in the average unit case price, resulting in a net sales increase of 2.7% relative to the same period last year. Other revenues amounted to A$2.6 million representing mainly sales from our manufacturing contract with Grupo Polar, a Coca-Cola bottler that operates a franchise located to the southwest of our current territory in Argentina. The Company's total revenues in Argentina reached A$81.6 million, a 4.9% increase as compared with the same quarter of 2000.

Gross Profit

The cost of goods sold decreased 4.1% as compared to the second quarter of 2000, and it declined as a percentage of net sales, resulting in a gross margin improvement of 6.0 percentage points to 49.4% of net sales from 43.4% recorded in the second quarter of 2000.

Gross margin expansion resulted from (i) lower concentrate costs as explained in the paragraph below, and (ii) realization of fixed-cost reductions from the closing of the San Justo plant last year, which together compensated for the decline in the average revenue per unit case.

Coca-Cola FEMSA Buenos Aires and The Coca-Cola Company have agreed that, Cola-Cola FEMSA Buenos Aires will pay a lesser amount for soft drink concentrate, and at the same time it will absorb a higher portion of local marketing costs in Argentina, which are shared by both companies. This cost reallocation will have no impact on either companies' operating income.

Income from Operations

During the second quarter of 2001, administrative expenses decreased 2.1% and selling expenses increased by 18.7%, as compared with the second quarter of 2000. The decrease in administrative expenses reflected savings achieved from the workforce reduction since June of 2000, while the increase in selling expenses represented mainly higher local marketing expenses as explained in the paragraph above, and higher freight and commission costs due to a higher sales volume.

Administrative expenses decreased by 0.4 percentage points to 5.8% while selling expenses increased by 4.0 percentage points to 35.0%, both as percentage of total revenues.

The gross margin improvement more than offset the increase in operating expenses as a percentage of total sales, which resulted in an operating margin expansion of 1.3 percentage points from 4.6% in the second quarter of 2000 to 5.9% in the second quarter of 2001, despite the unfavorable economic and competitive situation experienced by the soft drink industry in Argentina.

Operating profit for the period was A$4.8 million, an increase of 33.3%, and EBITDA reached A$11.8 million, an increase of 13.5%, both with respect to the second quarter of 2000.

"Notwithstanding the difficult economic conditions in Argentina, our management team in Buenos Aires has proven its experience implementing marketing strategies and executing cost-cutting programs achieving very good results by maintaining the profitability of the business. However, it is important to note that the operating results of this subsidiary only represented 4.5% and 8.5% of KOF's consolidated operating profits and EBITDA, respectively, during the second quarter of 2001" stated Hector Treviño, Chief Financial and Administrative Officer of the Company.

RECENT DEVELOPMENTS

On May 11, 2001, Coca-Cola FEMSA ceased production at the Tlalpan II plant in Mexico City. The two production lines of Tlalpan II are in the process of being transferred to the Toluca plant, whereby the Toluca plant will increase its production capacity from 130 MUC to 200 MUC and from four to six production lines.

On July 2, 2001, Coca-Cola FEMSA closed the Roca distribution center, one of its five distribution facilities in Buenos Aires. The Northern and Parral distribution facilities will consolidate the operations formerly conducted at Roca. The Company expects to capture permanent cost savings and operating efficiencies from the consolidation of the Roca facility beginning in the second half of 2001.

CURRENCY HEDGING POLICY

During November and December 2000, the Company bought up to US$100 million dollar forward contracts at an average strike price of A$1.07 pesos to U.S. dollar. These transactions were carried out as part of the Company's policy to hedge its exposure to dollar-denominated working capital requirements.

Throughout the month of July 2001, the Company unwound approximately US$30 million of these forward contracts at an average exchange rate of A$1.19 pesos to US dollar, which translated into a US$3.27 million gain.

Coca-Cola FEMSA currently has US$37.4 million option contracts outstanding from its hedging program implemented during 2000 to protect the Company's exposure against a Mexican peso devaluation. These contracts will expire at the end of 2001.

APPOINTMENT OF NEW HEAD OF INVESTOR RELATIONS

On May 15, 2001, Mr. Alfredo Fernandez joined Coca-Cola FEMSA as the Head of the Investor Relations Department of the Company. "Alfredo brings a valuable experience in corporate finance and mergers & acquisitions from his former position as an investment banker with Morgan Stanley" stated Mr. Hector Trevino, Chief Financial and Administrative Officer.

Mr. Fernandez also spent four years as an account officer and a credit analyst with Banamex, S.A. Mr. Fernandez graduated in 1991 from the Instituto Tecnológico y de Estudios Superiores de Monterrey ("ITESM"), where he received his bachelor of science in economics. He also received his Master in Business Administration degree from the Wharton School of the University of Pennsylvania in 1995.

SUMMARY OF SIX MONTHS RESULTS

For the six months ended June 30, 2001, consolidated total volumes increased 5.9% to 298.7 MUC. Consolidated total sales reached Ps. 8,522.7 million, an increase of 6.6% versus the first half of 2000. The increase in consolidated volume was attributable to a 4.8% and 10.2% increases in volumes from the Mexican and Argentine territories, respectively, during the first half of 2001 versus the same period of 2000.

Consolidated average price per unit remained practically flat at Ps. 28.23 during the first half of 2001 versus the same period of 2000. Even though the average revenue per unit in Buenos Aires decreased 10.6% to A$2.71, it was compensated by an increase in the average revenue per unit in the Mexican territories of 2.9% that reached Ps. 29.25 during the first semester of 2001 versus the first semester of 2000.

Gross operating margin as a percentage of net sales increased 2.7 percentage points from 50.0% in the first half of 2000 to 52.7% in the first half of 2001. Consolidated operating expenses increased by 2.2%, but decreased as a percentage of consolidated total revenues to 30.7% in the first semester of 2001 versus 32.0% for the same period of 2000.

Operating income increased 29.7% to Ps. 1,772.7 million and EBITDA reached Ps. 2,337.2 million, an increase of 20.2%, both with respect to the first half of 2000. The Argentine operations represented 7.8% and 11.4% of consolidated operating profits and EBITDA, respectively, during the first six months of 2001.

Consolidated net income increased by 64.1% from Ps. 575.4 million recorded in the first semester of 2000 to Ps. 944.3 million for the same period of 2001. Net income per share reached Ps. 0.66 (US$0.73 per ADR).

GROWTH EXPECTATIONS 2001

Management has re-evaluated its previously disclosed growth expectations for Coca-Cola FEMSA for the year 2001. Management currently expects that the company will experience the following growth rates:

EXPECTED ANNUAL GROWTH RATE
(in percentages, 2000 versus 2001)

	Mexico	Buenos Aires
Sales Volume	5% - 7%	7% - 10%
EBIT	17% - 20%	5% - 8%

❖ ❖ ❖

Coca-Cola FEMSA, S.A. de C.V. produces *Coca-Cola*, *Sprite*, *Fanta*, *Lift* and other trademark beverages of The Coca-Cola Company in the Valley of Mexico and the Southeast Territories in Mexico and in the Buenos Aires Territory in Argentina. The Company has eight bottling facilities in Mexico and one in Buenos Aires and serves more than 275,200 retailers in Mexico and 70,000 retailers in the greater Buenos Aires area. Coca-Cola FEMSA currently accounts for approximately 3% of Coca-Cola global sales, 24% of all Coca-Cola sales in Mexico and approximately 35% of all Coca-Cola sales in Argentina. The Coca-Cola Company owns a 30% equity interest in Coca-Cola FEMSA.

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Figures for the Company's operations in Mexico and its consolidated international operations were prepared in accordance with Mexican generally accepted accounting principles ("Mexican GAAP"). Figures of the Company's operations in Argentina were prepared in accordance with Argentine generally accepted accounting principles. All figures are expressed in constant Mexican pesos with purchasing power at June 30, 2001.
For comparison purposes, 2000 and 2001 figures from the Company's Argentine operations have been restated taking into account Argentine inflation with reference to the Argentine consumer price index and converted from Argentine pesos into Mexican pesos using the June 30, 2001 exchange rate of Ps. 9.08 per A$1.00. Also, all comparisons for second quarter 2001, ending June 30, 2001, in this report are made against the figures for the comparable period, second quarter 2000 unless otherwise noted.

(4 pages of tables to follow)

Coca-Cola FEMSA, S.A. de C.V. and Subsidiaries
INCOME STATEMENT
For the three months ended June 30, 2001 and 2000
Expressed in currency with purchasing power as of June 30, 2001

	Consolidated			Mexican Operations			Buenos Aires Operation		
	(Millions of Mexican Pesos) (1)						(Millions of Argentine Pesos) (1)		
	2001	2000	% VAR	2001	2000	% VAR	2001	2000	% VAR
Sales volume (millions unit cases)	155.0	144.5	7.3	125.3	118.8	5.5	29.7	25.6	15.8
Average unit price per case	28.17	28.29	(0.4)	29.13	28.52	2.1	2.66	3.00	(11.3)
Net revenues	4,367.6	4,087.2	6.9	3,650.6	3,388.7	7.7	79.0	76.9	2.7
Other operating revenues	37.2	16.8	121.4	13.4	9.2	45.7	2.6	0.9	188.9
Total revenues	4,404.8	4,104.0	7.3	3,664.0	3,397.9	7.8	81.6	77.8	4.9
Cost of sales	2,071.1	2,045.1	1.3	1,684.2	1,642.3	2.6	42.6	44.4	(4.1)
Gross profit	2,333.7	2,058.9	13.3	1,979.8	1,755.6	12.8	39.0	33.4	16.8
Administrative expenses	311.8	309.4	0.8	269.4	265.7	1.4	4.7	4.8	(2.1)
Selling expenses	1,023.5	979.0	4.5	763.8	759.7	0.5	28.6	24.1	18.7
Operating expenses	1,335.3	1,288.4	3.6	1,033.2	1,025.4	0.8	33.3	28.9	15.2
Goodwill amortization	27.5	29.6	(7.1)	1.8	1.7	5.9	0.9	0.9	-
Operating income	970.9	740.9	31.0	944.8	728.5	29.7	4.8	3.6	33.3
Interest expense	76.1	89.1	(14.6)						
Interest income	65.3	27.8	134.9						
Interest expense, net	10.8	61.2	(82.4)						
Foreign exchange loss	43.9	76.0	(42.2)						
Gain on monetary position	(23.2)	41.1	(156.4)						
Integral cost of financing	31.5	178.3	(82.3)						
Other (income) expenses, net	0.6	25.5	(97.6)						
Income before taxes	938.8	537.1	74.8						
Taxes	406.2	261.2	55.5						
Consolidated net income	532.6	275.9	93.0						
Majority net income	532.6	275.9	93.0						
EBITDA (2)	1,256.1	1,028.7	22.1	1,149.0	934.3	23.0	11.8	10.4	13.5

(1) Except volume and average price per unit case figures.
(2) Income from operations + depreciation, amortization and other non-cash items (including returnable bottle breakage expenses).

Mexican Inflation March 2001 - June 2001	1.10%
Argentine Inflation March 2001 -June 2001	1.00%
Mexican Peso / U.S.Dollar at June 30, 2000	9.079

Coca-Cola FEMSA, S.A. de C.V. and Subsidiaries
INCOME STATEMENT
For the six months ended June 30, 2001 and 2000
Expressed in currency with purchasing power as of june 30, 2001

	Consolidated			Mexican Operations			Buenos Aires Operation		
	(Millions of Mexican Pesos) (1)						(Millions of Argentine Pesos) (1)		
	2001	2000	% VAR	2001	2000	% VAR	2001	2000	% VAR
Sales Volume(millions unit cases)	298.7	282.0	5.9	233.3	222.7	4.8	65.3	59.3	10.2
Average unit price per case	28.23	28.23	-	29.25	28.42	2.9	2.71	3.03	(10.6)
Net revenues	8,432.4	7,961.4	5.9	6,824.7	6,330.2	7.8	177.1	179.7	(1.4)
Other operating revenues	90.3	35.7	152.9	31.6	18.9	67.2	6.4	1.8	255.6
Total revenues	8,522.7	7,997.1	6.6	6,856.3	6,349.1	8.0	183.5	181.5	1.1
Cost of sales	4,080.3	4,015.2	1.6	3,174.1	3,077.9	3.1	99.8	103.2	(3.3)
Gross profit	4,442.4	3,981.9	11.6	3,682.2	3,271.2	12.6	83.7	78.3	6.9
Administrative expenses	624.3	613.4	1.8	537.0	525.1	2.3	9.6	9.7	(1.0)
Selling expenses	1,989.2	1,942.6	2.4	1,471.2	1,459.1	0.8	57.1	53.3	7.1
Operating expenses	2,613.5	2,556.0	2.2	2,008.2	1,984.2	1.2	66.7	63.0	5.9
Goodwill amortization	56.2	59.3	(5.2)	3.6	3.5	2.9	1.7	1.7	-
Operating income	1,772.7	1,366.6	29.7	1,670.4	1,283.5	30.1	15.3	13.6	12.5
Interest expense	155.8	170.0	(8.4)						
Interest income	143.2	49.2	191.1						
Interest expense, net	12.6	120.8	(89.6)						
Foreign exchange loss	70.6	115.7	(39.0)						
Gain on monetary position	(12.5)	(10.3)	21.4						
Integral cost of financing	70.7	226.2	(68.7)						
Other (income) expenses, net	(13.5)	25.9	(152.3)						
Income before taxes	1,715.5	1,114.5	53.9						
Taxes	744.7	539.1	38.1						
Effect of changes in accounting principles	(26.5)	-	NA						
Consolidated net income	944.3	575.4	64.1						
Majority net income	944.3	575.4	64.1						
EBITDA (2)	2,337.2	1,944.6	20.2	2,070.4	1,697.7	22.0	29.4	27.2	8.3

(1) Except volume and average price per unit case figures.
(2) Income from operations + depreciation, amortization and other non-cash items (including returnable bottle breakage expenses).

Mexican Inflation june 2000 - June 2001	6.77%
Argentine Inflation June 2000 - June 2001	0.25%
Mexican Peso / U.S.Dollar at June 30 2001	9.079

Coca-Cola FEMSA, S.A. de C.V. and Subsidiaries
Consolidated Balance Sheet
As of June 30, 2001 and December 31, 2000
Millions of Mexican pesos (Ps.)
Expressed in currency with purchasing power as of June 30, 2001

ASSETS		**2001**		**2000**
Current Assets				
Cash and cash equivalents	Ps.	2,965	Ps.	1,928
Accounts receivable:				
Trade		419		638
Notes		61		59
Prepaid taxes		11		4
Other		124		166
		615		867
Inventories		628		504
Prepaid expenses		129		64
Total current assets		4,337		3,363
Property, plant and equipment				
Land		778		788
Buildings, machinery and equipment		8,400		8,515
Accumulated depreciation		(2,892)		(2,781)
Construction in progress		412		275
Bottles and cases		233		324
Total property, plant and equipment		6,931		7,121
Investment in shares		186		206
Deferred charges, net		481		501
Goodwill, net		1,510		1,646
TOTAL ASSETS	Ps.	13,445	Ps.	12,837

LIABILITIES & STOCKHOLDERS' EQUITY		**2001**		**2000**
Current Liabilities				
Short-term bank loans, notes and interest payable	Ps.	78	Ps.	88
Suppliers		1,220		1,386
Accounts payable and others		502		547
Taxes payable		514		260
Total Current Liabilities		2,314		2,281
Long-term bank loans		2,767		3,000
Pension plan and seniority premium		166		163
Other liabilities		1,080		982
Total Liabilities		6,327		6,426
Stockholders' Equity				
Minority interest		0		0
Majority interest:				
Capital stock		2,195		2,195
Additional paid in capital		1,544		1,544
Retained earnings of prior years		5,036		4,021
Net income for the period		944		1,310
Cumulative results of holding non-monetary assets		(2,601)		(2,659)
Total majority interest		7,118		6,411
Total stockholders' equity		7,118		6,411
TOTAL LIABILITIES & EQUITY	Ps.	13,445	Ps.	12,837

Mexican Inflation December 2000 - June 2001	2.21%
Argentine Inflation December 2000 - June 2001	0.76%
Mexican Peso / U.S.Dollar at June 30, 2001	9.079

Selected Information

For the six months ended June 30, 2000

Expressed in Pesos as of June 30, 2001

	2000
Depreciation (1)	381.9
Amortization and others	182.6
Capital Expenditures (2)	350.9

(Includes good will amortization) (1)

(Includes Bottles and Cases and Deferred Charges) (2)

Sales Volume Information

Expressed in millions of unit cases

	2000	1999
Mexico	233.3	222.7
Valley of Mexico	173.8	166.0
Southeast	59.5	56.7
Buenos Aires	65.4	59.3
Total	298.7	282.0

Product Mix by Brand

(Colas / Flavors / Water)

Expressed as a percentage of total volume

	2000	1999
Mexico	75/21/4	75/22/3
Valley of Mexico	76/21/3	76/22/2
Southeast	73/21/6	73/22/5
Buenos Aires	70/29/1	77/22/1
Total	74/23/3	76/22/2

Product Mix by Presentation

(Returnable / Non Returnable)

Expressed as a percentage of total volume

	2000	1999
Mexico	42/58	44/56
Valley of Mexico	41/59	42/58
Southeast	46/54	52/48
Buenos Aires	7/93	10/90
Total	34/66	37/63

Selected Information

For the three months ended June 30, 2001

Expressed in Pesos as of June 30, 2001

	2001
Depreciation (1)	197.5
Amortization and others	87.1
Capital Expenditures (2)	202.8

(Includes good will amortization) (1)

(Includes Bottles and Cases and Deferred Charges) (2)

Sales Volume Information

Expressed in millions of unit cases

	2001	2000
Mexico	125.3	118.8
Valley of Mexico	92.4	88.6
Southeast	32.9	30.2
Buenos Aires	29.7	25.6
Total	155.0	144.4

Product Mix by Brand

(Colas / Flavors / Water)

Expressed as a percentage of total volume

	2001	2000
Mexico	74/21/5	76/21/3
Valley of Mexico	75/21/4	76/22/2
Southeast	72/22/6	73/22/5
Buenos Aires	71/28/1	79/20/1
Total	74/22/4	78/20/2

Product Mix by Presentation

(Returnable / Non Returnable)

Expressed as a percentage of total volume

	2001	2000
Mexico	41/59	44/56
Valley of Mexico	39/61	41/59
Southeast	44/56	50/50
Buenos Aires	6/94	10/90
Total	34/66	38/62