A Balanced Strategy for Growth

FEMSA

2008 Annual Report

A Balanced Competitive Position

We are operating in a rapidly changing economic environment. It is a time for caution. It is a time for confidence.

Although our customers are becoming increasingly careful across all of our markets, we enjoy a stronger competitive position in more markets than ever before. For a long time, we have invested heavily behind our brands and behind our position in the marketplace. Our integrated beverage platform, combined with our business units, gives us the flexibility to deploy our resources and adjust our strategy consistent with the markets' trajectory. We have a proactive, committed management team, skilled employees, and an understanding of our consumers' ever-evolving needs and wants.

We are confident about what we must do. And, we have done it before. We are up for the challenge. We expect it will make us stronger than ever.

Our integrated beverage platform, innovative marketplace execution, and talented management team combine to create a strong competitive position now and into the future.

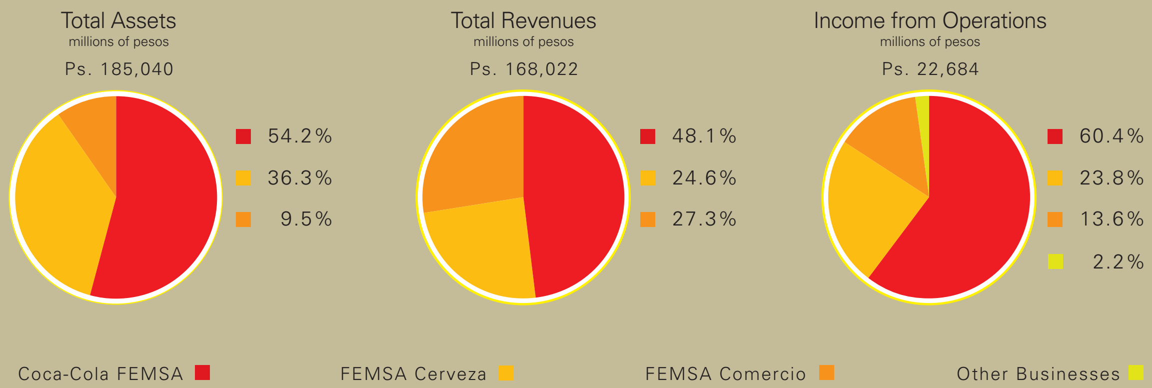
Financial Highlights

Millions of Pesos	2008[2]	2007	% Change	2006	% Change
Total revenues	**Ps. 168,022**	Ps. 147,556	13.9	Ps. 136,120	8.4
Income from operations	**22,684**	19,736	14.9	18,637	5.9
Net income	**9,278**	11,936	(22.3)	9,860	21.1
Net majority income	**6,708**	8,511	(21.2)	7,127	19.4
Net minority income	**2,570**	3,425	(25.0)	2,733	25.3
Total assets	**185,040**	165,795	11.6	154,516	7.3
Total liabilities	**88,145**	76,142	15.8	76,308	(0.2)
Stockholders' equity	**96,895**	89,653	8.1	78,208	14.6
Capital expenditures	**14,234**	11,257	26.4	9,422	19.5
Book value per share[1]	**3.85**	3.61	6.7	3.17	13.9
Net income per share[1]	**0.38**	0.48	(20.8)	0.40	20.0
Personnel[3]	**122,981**[3]	105,020	17.1	97,770	7.4

(1) Data in Mexican pesos based on outstanding shares of 17,891,131,350.

(2) Beginning in 2008 we discontinued inflation accounting for our subsidiaries in Mexico, Guatemala, Panama, Colombia, and Brazil. 2008 figures for these are in nominal pesos. For the rest of our subsidiaries in Nicaragua, Costa Rica, Venezuela, and Argentina, we applied inflation accounting during 2008.

(3) 2008 figure includes third-party employees from FEMSA Cerveza.



Dear Shareholder:

José Antonio Fernández Carbajal

2008 was a challenging year for businesses across geographies and industries. Latin American markets were no exception. Yet, amid an increasingly volatile economic environment, we were able to produce solid consolidated results, improve our competitive position, and extend our track record of growth. Over the past decade, our integrated business platform has combined to produce consistently positive results. We have grown our total revenue, income from operations, and operating cash flow (EBITDA) at compounded annual rates of 13 percent, 11 percent, and 10 percent in US dollar terms, respectively.

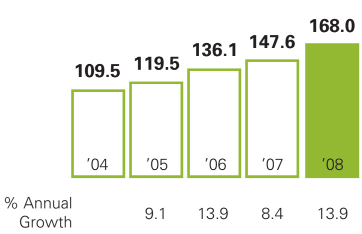
For the full year, our total revenue rose 14 percent to Ps. 168 billion (US$12 billion). Our income from operations grew 15 percent to almost Ps. 22.7 billion (US$1.6 billion). Our net income declined 22 percent to Ps. 9.3 billion (US$0.7 billion). Our earnings per unit were Ps. 1.87 (US$1.36 per ADR); this decline largely reflected the devaluation of our local currencies versus the US dollar and changes in accounting principles in Mexico.

Even against an increasingly adverse economic environment, our operating performance showed many bright spots, and we managed to make progress across a number of fronts. However, we expect the challenging market conditions to persist for some time, so we are convinced that we must do much more to continue to thrive and to grow.

A key to our performance remains our integrated business model. Among its advantages, we benefit from our businesses' shared best practices, including our customer value management and market segmentation strategies.

Our businesses' ability to deliver on our goal of the right experience for each consumer on every consumption occasion is founded on our market segmentation strategy. This strategy recognizes that the needs of our consumers, shoppers, and retailers are different, so we segment our markets and position our brands accordingly. Increasingly, we are focused on micro-segmentation; we use our market research and information technology systems to target smaller market segments, all the way to the individual point of sale.

Total Revenues
billions of pesos



We are well advanced in the design of a new approach to serve our customers across our businesses, focused on optimizing the value of each account through the best possible practices and processes. As we begin to apply this new framework, we develop and deploy a different value proposition—highly structured customer programs from specialized services to loyalty and partnership initiatives—to satisfy each client's distinctive needs. Nothing is performed at random—from the optimal beverage portfolio to the most-favorable product display and point-of-purchase material. In this way, we work closely with our customers to execute and achieve the best possible experience for each consumer.

I will now review some of the year's highlights for each one of our three complementary businesses.

In a year of global challenge and change, Coca-Cola FEMSA continued on its path of profitable growth. Organically, we grew through improved pricing and margins across most of our markets, while our acquisitions contributed incremental volume and revenue growth—jointly driving our business' top- and bottom-line results for the year.

Coca-Cola FEMSA's joint acquisition of Jugos del Valle with The Coca-Cola Company—which we closed during the fourth quarter of 2007—has so far exceeded our expectations. This acquisition not only significantly advanced our multicategory strategy, but also made us the

Amid a volatile economic environment, we produced solid results, enhanced our competitive position, and extended our growth record.

largest producer of still beverages in the region—considerably increasing our company's position in Latin America's fast-growing, yet underdeveloped juice-based beverage segment. This powerful joint-venture platform is enabling us to strengthen our beverage portfolio with a number of new products and formulations aimed at different consumption occasions. In the process, we are developing new skills and applying new technologies that will benefit our entire organization. For the year, Jugos del Valle's beverages portfolio supported more than 70 percent of Coca-Cola FEMSA's growth in the still beverages category.

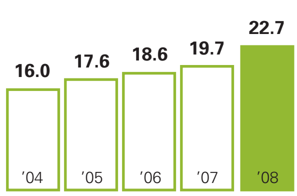
During the second quarter of 2008, we successfully closed and integrated the acquisition of The Coca-Cola Company's Refrigerantes Minas Gerais Ltda. ("REMIL") franchise territory in Brazil. This transaction increased our footprint by more than a third and advanced our strategy to grow in one of the world's most dynamic economic markets. Our consolidated Brazilian operations now represent approximately 30 percent of the Coca-Cola bottling system in the country and serve more than 41 million consumers.

Two smaller acquisitions advanced our business' water strategy. Jointly with The Coca-Cola Company, we agreed to acquire the Brisa bottled water business in Colombia. This transaction will increase our position in that market's water category and will complement our growing beverage portfolio. We also acquired the Agua De Los Ángeles jug water business in the Valley of Mexico. This acquisition doubled our presence in Mexico City's jug water market, while unlocking the cross-sales potential of Agua De Los Ángeles' home delivery system.

Going forward, we will continue to seek maximum organic growth from our existing operations, while we pursue acquisitions that create value over time.

At FEMSA Cerveza, after a strong first half of the year, we saw signs of softening consumer demand in our main market of Mexico, along with growing macroeconomic pressures and high input costs across our markets. However, in Mexico, we implemented price increases during the year to mitigate higher raw-materials costs and rising general inflation. Although these increases, combined with the slowdown in the GDP (Gross Domestic Product), resulted in a decline in our domestic sales volume during the second half of the year, they supported our robust revenue growth. For the full year, our volumes in Mexico grew 1.6 percent, while our revenues increased by 7.4 percent in this key market.

Income from Operations
billions of pesos



	'04	'05	'06	'07	'08
% Annual Growth		10.1	5.9	5.9	14.9
% Operating Margin	14.6	14.7	13.7	13.4	13.5

In Brazil, our volumes grew close to 4 percent—ahead of the industry for the second consecutive year. Most of our brands produced good results, with *Kaiser* and *Sol* contributing more than 50 percent of our incremental volume growth for the year.

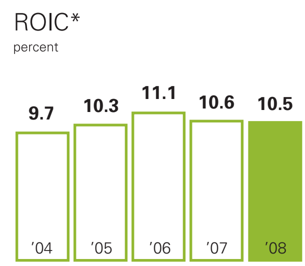
Our beer exports worldwide delivered solid 9.3 percent growth, driven mainly by our *Dos Equis* and *Tecate* brands in the United States and by our *Sol* brand in other important markets. Despite the challenging economic environment, we generated volume growth of 9.2 percent in the key U.S. market—well above that of its import category.

Our market execution, product innovation, and brand-building initiatives continued to drive the health of—and demand for—our flagship brands, including *Tecate, Sol,* and *Indio.* Together, these three brands accounted for more than 70 percent of our consolidated beer sales volume in Mexico in 2008. Furthermore, during the year, in Mexico we launched *Sol Limón y Sal* and *Sol Cero Limón y Sal;* we rolled out the first national advertising campaign for *Indio;* and we initiated a new advertising campaign for *Sol.*

As part of our innovation, we also introduced the *Golden Collection*—including *Bohemia Clásica, Casta, XX Ambar,* and *XX Lager*—and *Bohemia*

Obscura's performance stood out among our impressive line of premium domestic beers. It accounted for 35 percent of the accumulated growth of the *Bohemia* family in 2008. Outside of Mexico, we rolled out a new advertising campaign for *Tecate Light* in the western United States. We also instituted the first-ever media campaign for our fast-growing Brazilian premium brand, *Xingu,* a dark beer.

For the year, the sales volume of our *Tecate* brand family reached 13 million hectoliters—making *Tecate* one of the top 20 selling brands in the world and the fastest-growing brand in the Americas. Also, for the fourth consecutive year, *Tecate Light* was the Mexican beer industry's fastest growing brand. Its brand health continued to grow dramatically, at a more rapid pace than that of its competitors. The brand strengthened the loyalty among our consumers in Mexico's north and northwest and attracted new consumers in territories where we are gradually penetrating the market. *Tecate Light* also continued to prove very popular among younger consumers, reinforcing its strong competitive position and long-term growth potential.



*Based on EVA® methodology as per Stern, Stewart & Co

So, we again made progress in Mexico, the United States, and Brazil, the three key markets where we have focused the majority of our efforts in the beer business, which are among the most attractive, profitable, and dynamic in the world. As we consolidate and strengthen our competitive position across these markets, we continue to monitor closely the rapidly changing global landscape with a permanent view to capitalize on strategic opportunities that may arise.

For its part, FEMSA Comercio posted another strong year in 2008. Our total revenues rose 12 percent, while our income from operations grew more than 25 percent for the seventh consecutive year. Our growth came from both ongoing store expansion and increased store traffic.

In 2008 OXXO accelerated the opening of new stores—more than 800—for a total of 6,374 across Mexico. To take advantage of OXXO's growing ubiquity, we continued to expand our range of convenient "one-stop" services—from loan and utility payments to payment for airline tickets to electronic airtime recharges—which drew even more consumers to our stores.

Our information technology systems continue to increase our ability to gather consumer information from our stores. The vast majority of OXXO's products are bar-coded, and we are in the process of rolling out a new, state-of-the-art point-of-sale solution to every store. Through this information network, we gain intelligence about consumer preferences and emerging trends, so we can test and enhance our businesses' product offerings, marketing, and promotions, while improving the execution and productivity of each store.

In addition to its commercial intelligence, OXXO provides our beverage businesses with an effective, rapidly growing sales channel. In 2008 beverage sales accounted for more than 41.5 percent of OXXO's revenues, making OXXO the largest retailer of FEMSA Cerveza beer and Coca-Cola products in Mexico. In fact, approximately 12.3 percent of FEMSA Cerveza's domestic beer volumes were sold through OXXO in 2008.

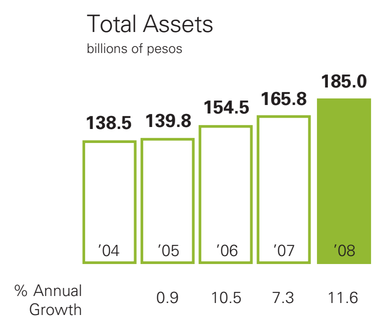
As OXXO has grown, so has its brand recognition and reputation. Among its many positive attributes, OXXO is increasingly known for its consistent quality, product and service innovation, convenience, and accessibility.

Organic growth—coupled with acquisitions—continues to create value over time.

And given the low penetration of the OXXO format across the vast majority of the Mexican territory, we will continue our aggressive store expansion going forward, while we develop the framework to test the OXXO platform beyond Mexico.

Beyond our business results, we are committed to sound corporate-governance practices. We not only comply with all applicable legal standards—including those set forth in the Mexican Securities Market Law and the applicable provisions for foreign issuers in the U.S. Sarbanes-Oxley Act—but also pursue a culture of transparency, accountability, and integrity.

We also remain dedicated to our motivated group of employees, who are the foundation for our past, present, and future success. To continue our employees' growth, we are committed to the development of quality people at all levels of our organization. We offer proprietary training programs and tools to develop all of our people's capabilities and foster the cross-fertilization and growth of our company's shared pool of knowledge and talent through the exchange of our executives among our international operations network.



As we enter another tough year, we are better prepared operationally and financially for the challenges that lie ahead. On the operational front, we enjoy a strong competitive position in more markets than ever before. We have a better understanding of consumer behavior, as well as time-tested tools for use in difficult times—such as a dynamic packaging mix and a broad segmented portfolio of brands. We also have a management team that is committed to driving efficiencies across our organization, adjusting our spending levels in a manner consistent with the evolution of our markets, and maximizing the return on every investment.

On the financial front, our balance sheet is strong. As of December 31, 2008, our net-debt-to-EBITDA coverage ratio was 1.1 times, and our interest coverage ratio was 7.3 times. Approximately 78 percent of our total debt was denominated in local currency, mainly Mexican pesos, and approximately 55 percent of our debt carried a fixed interest rate.

We are taking advantage of our operating and financial flexibility to deploy our resources in a way that is aligned with rapidly changing macro- and microeconomic environments. As has been the case in the past, we are confident that we will emerge from these difficult times even stronger than we are today.

On behalf of the more than 120,000 dedicated men and women across FEMSA, we thank you for your continued support. Clearly, the global economic environment will continue to present enormous challenges for us as we go forward. It is our responsibility to adjust, to innovate, to do more with less, to keep finding ways to better serve our customers while we pursue the creation of value for all our stakeholders. We know we have to keep looking for our continuous improvement. We believe we are up to the task, and we welcome the opportunity to keep delivering on our promise to you now and into the future.

José Antonio Fernández Carbajal

Chairman of the Board and Chief Executive Officer

We partner with our customers to achieve the optimal experience for each consumer on every occasion.

Coca-Cola FEMSA

COCA-COLA FEMSA

A Balanced, Multinational Portfolio

Better Positioned to Capture New Avenues for Growth

In the face of an increasingly turbulent global market environment, we continued on our path for growth. Our performance underscored our ability to capitalize on the benefits of our balanced, growing multinational portfolio of assets throughout Latin America; our operations outside of Mexico provided the majority of our growth, while Mexico remained our main cash-flow generator. Our organic growth—driven by improved pricing across most of our markets—combined with our acquisitions, drove our top- and bottom-line results in 2008.

For the year, our sales volume grew 5.8 percent to 2.2 billion unit cases. Our revenues rose 19.8 percent to Ps. 83.0 billion, and our income from operations increased 19.2 percent to Ps. 13.7 billion.

Growth Through Acquisitions

In 2008 we continued to strengthen our business through key acquisitions that set the stage to capture significant new avenues for growth, while enhancing our comprehensive product portfolio to better serve our consumers' evolving needs. In addition to partnering with The Coca-Cola Company and the Coke system for the acquisition of Jugos del Valle, we closed the acquisition of The Coca-Cola Company's REMIL franchise territory in the state of Minas Gerais, Brazil. This transaction reinforced our company's strategy to grow in one of the world's largest and most dynamic beverage markets. This acquisition not only expanded our market position in Brazil by more than a third, but also substantially increased the number of retail outlets and consumers that we serve through our balanced portfolio of high-quality beverages—it extended our geographic reach with a population the size of Chile and a territory the size of France.

We also advanced our water strategy through two bolt-on acquisitions in Colombia and Mexico. In July, we acquired the Agua De Los Ángeles jug water business in the Valley of Mexico. This acquisition doubled our presence in Mexico City's jug water market, while unlocking the cross-sales potential of Agua De Los

Ángeles' system of home delivery. In August, Coca-Cola FEMSA and The Coca-Cola Company jointly agreed to acquire the Brisa bottled water business in Colombia. Once closed, this transaction will meaningfully increase our position in the water category in that market and complement our growing beverage portfolio.

Our multicategory beverage portfolio satisfies and stimulates consumers' tastes on any occasion.

Multicategory Portfolio Growth

In 2008 we continued to expand our product portfolio with different beverage categories—from juices and nectars to orangeades and vitamin water—and, at the same time, reinforced our existing categories with new products such as hydro-tonics and energy drinks to reach, capture and satisfy more consumption occasions.

In the sparkling beverage segment, we successfully launched *Coca-Cola Zero* in Colombia and Costa Rica, complementing our offering of *Coca-Cola* brand beverages in those territories. Through our joint venture with The Coca-Cola Company, in January, we began to distribute *Jugos del Valle* brand juices and nectars in Mexico. From this powerful joint-venture platform, we also developed two innovative beverages—*Valle Frut* orangeade, a product with a low juice content, and *Valle Frut* pulp, a juice-based

product with a high content of fruit pulp—to reinforce this still beverage category and target different consumption occasions. We further rolled our *Jugos del Valle* juice-based beverages in Costa Rica, Colombia, Panama, and Nicaragua, expanding our product offering to meet our customers' and consumers' growing demand.

From a technology standpoint, we took advantage of Jugos del Valle's heat-pasteurized, hot-fill capacity to reformulate, repackage, and relaunch our *PowerAde* brand isotonic beverages—offering consumers a superior tasting product. As a result, our sales volume of *PowerAde* brand products grew more than 20 percent for the year in Mexico.

In the growing tea category in Mexico, we regained our leading position through our launch of *Nestea* brand green tea during the fourth quarter, and we quickly captured the number two spot in the energy drink category with our rollout of *Gladiador*. In the third quarter, we also launched eight different flavors of *Glaceau* premium-brand vitamin water. Furthermore, in Brazil, we introduced a revolutionary product called *I-9* to develop a new hydro-tonics category.

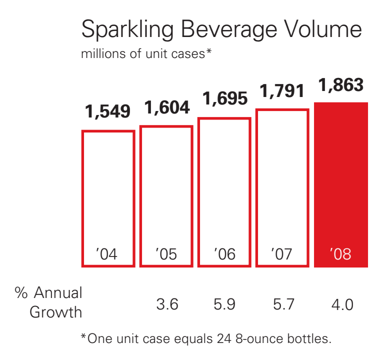
In all, our innovation accounted for more than 25 million unit cases representing more than 20% of our consolidated incremental volume for 2008. As we continue to grow our product offerings to satisfy consumers' preferences, our powerful portfolio of products and presentations becomes an increasingly important—and very difficult to replicate—competitive advantage.

Employee Capabilities Growth

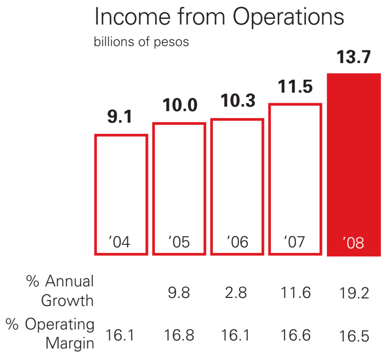
As the size and complexity of our business and product portfolio grow, so do our employees' capabilities to manage, operate, and execute our business' strategy. Today, our employees produce, market, distribute, and serve our multicategory beverage portfolio to approximately 200 million consumers at over 1.5 million points of sale—visited several times a week—across nine different countries.

We are a continuous learning organization. From our training cells program to our knowledge management portal, we are committed

Our powerful portfolio of products and presentations creates an almost unparalleled competitive advantage in the marketplace.



20%
revenue growth



to providing our employees with the knowledge and skills necessary to align their development with our company's path for growth. We also foster the cross-fertilization of our company's shared pool of knowledge and talent through the exchange of our executives among our multinational operations.

Looking forward, the foundation of our business growth is based on several important pillars, including the right business model, management's clear, business-oriented vision, a relentless focus on excellent execution across the value chain, and a strong relationship with our business partners. These pillars, combined with growth from our new lines of business and our recent acquisitions, will provide us with sustainable long-term growth. We have talent, the resources, flexibility, and ability to adapt and adjust our operations to changing macroeconomic conditions.

FEMSA Cerveza

FEMSA CERVEZA

Balanced Operating Efficiencies

Consolidating Our Position in an Increasingly Challenging Environment

2008 was a year for optimism and for caution. On the one hand, there are clear signs of increasing caution among consumers across our markets as a result of the recent global economic slowdown. On the other hand, today we enjoy a stronger competitive position than ever before—anchored by stronger brand portfolios and enhanced execution—as well as a better understanding of consumer preferences and practices.

For the year, our total sales volume grew 2.8 percent but, more importantly, our revenues rose 7.1 percent. After a healthy first half of the year, we saw signs of softening consumer demand in our main market of Mexico, along with growing macroeconomic pressures across our markets.

In Mexico, we were able to adjust our pricing during the year to partially mitigate a prolonged period of high raw-material costs worldwide and rising general inflation, reflecting a stable competitive environment. These increases, combined with a slowdown in GDP, resulted in a slowdown in our domestic sales volume during the second half of 2008. Despite a small contraction in operating profit, we increased our share of profits in the industry significantly.

In both the light and dark beer subcategories, we are growing significantly above the Mexican beer industry. In the former, *Tecate Light* is the clear market leader, and in the latter, *Indio* is consolidating an increasingly important position in this market segment.

In Brazil, our volumes grew 3.9 percent to 10.2 million hectoliters—outpacing the industry for the second consecutive year. Most of our brands produced good results, with *Kaiser* and *Sol* contributing more than 50 percent of our incremental volume growth for the year. After three years of operating in this market, our brand portfolio is now stronger and our growth is more balanced among the different brand alternatives that we offer to the consumer.

Innovative new products and packages played a key role in our Brazilian operation's performance for the year. After our successful 2007 launch of *Sol Shot*—which volume more than tripled in 2008—we introduced a non-alcoholic version of *Sol,* the first beer in this category. We also added new presentations to our portfolio, including a 500-milliliter can, a 5.0-liter keg, and new six- and 15-packs, to satisfy customers' and consumers' needs.

Our beer exports delivered 9.3 percent volume growth, driven mainly by our *Dos Equis* and *Tecate* brands in the United States and by our *Sol* brand in other key markets. In the U.S., despite the challenging economic environment, we generated high single-digit volume growth—well above the overall import category. This growth was driven largely by the strong performance of *Tecate,* combined with the improved distribution and brand positioning of *Dos Equis*—which delivered 13.0 percent growth during the year.

Improving Market Segmentation and Go-to-Market Models

We understand that each of our retailers and consumers is different, so we segment our markets and position our brands accordingly—developing and adapting our product offerings to satisfy their distinctive needs. Ultimately, our goal is to create a perfect experience for each consumer on every consumption occasion. That is our picture of success.

Product and package innovation play a key role in our successful marketplace performance.

We are increasingly focused on microsegmentation. We use our market research and information technology systems to target smaller market segments, including—in some cases—the individual point of sale.

Instead of serving a variety of sales channels, each member of our sales force focuses on a specific size and type of channel, such as independently owned mom-and-pop grocery stores, convenience stores, bars, and restaurants. In this way, our sales people can tailor our promotional programs and merchandising—even diagram the layout of our products—to suit a specific sales channel or point-of-sale location.

To adapt to the conditions of every market segment and the different requirements of each client, we continually seek to identify and develop more efficient ways to go to market. In 2008 more than 40 percent of our sales came through alternative service models, including electronic and telephone ordering.

We offer consumers a strong, balanced array of high-quality beer brands.

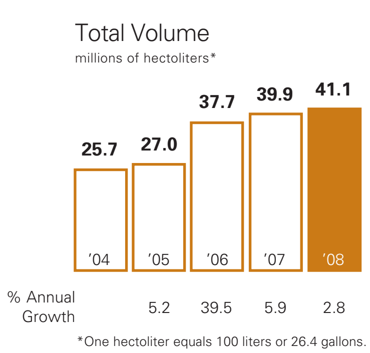
Continuous Innovation and Brand Development

Innovation is a top priority for our business. Through our extensive consumer and market research, we develop innovative new products and presentations that enable us to attract new consumers and strengthen our brands' market positions.

During the year, we successfully launched *Sol Limón y Sal* and *Sol Cero Limón y Sal* in Mexico. These new premium line extensions of our flagship *Sol* brand were particularly popular among women who prefer to mix their beer with salt and lemon. We also successfully launched a special edition of *Superior, Superior Edición Especial,* as well as a limited 750-milliliter edition of *Bohemia Bock* at premium liquor stores in Mexico.

In 2008 we continued to invest in the further development of our brands. Among our important brand-building initiatives, we successfully launched the first national advertising campaign for *Indio,* and we rolled out a new campaign for *Carta Blanca* entitled "Juntos" (Together). Additionally, we launched a new advertising campaign for *Sol* and the first-ever media campaign for our fast-growing Brazilian brand of dark, premium beer, *Xingu*. Furthermore, we supported our super-premium brand segment, including *Dos Equis* and *Bohemia,* and our flagship *Tecate* brand family, including a campaign for *Tecate Light* in the western United States.

During the year, we earned two EFFIE awards for the effectiveness and success of our advertising campaigns "La más pedida" ("The most ordered one") for *Tecate Light* and *Sol Lab* for our *Sol* brand.

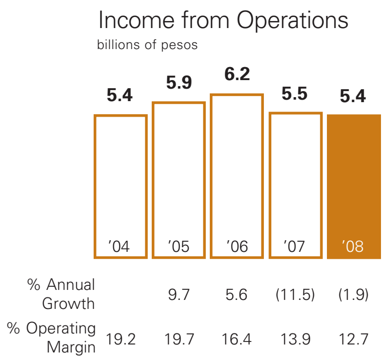



35%
Bohemia Obscura's contribution to *Bohemia's* growth

The EFFIEs are one of the Mexican marketing and communication industry's most important awards. They reflect the dynamism and strength of our brands and a beer culture that increasingly favors our beers.

Thanks to our continuing brand-building initiatives, our *Tecate* brand family's sales volume reached 13 million hectoliters for the year. Consequently, *Tecate* is now one of the top 20 selling brands in the world and the fastest-growing brand in the Americas.

In 2008 we extended our successful *Sol Lab* project. Through this industry-first experience marketing project, consumers again participated in and decided on a truly new customized beer by voting on liquid prototypes, packaging design, advertising, and promotions. Based on the preferences of our approximately 127,000 participants, the result was the launch of *Sol 2* in two additional cities in the second half of the year.



Ongoing Operating Efficiency and Cost Reduction Programs

As the macro- and microeconomic environment changes, we are taking immediate and decisive actions to adjust our levels of spending to current market conditions. This includes the deployment of aggressive efficiency programs to improve our cost structure; the rationalization of our spending—without jeopardizing the gains that we have made over the past few years; a proactive approach to

managing our packaging mix toward more affordable returnable presentations; and the maximum flexibility to align our strategy—including our marketing, sales, and capital expenditure programs—with a rapidly evolving and challenging operating environment.

As part of our efficiency programs, our operations achieved a 2.0 percent increase in productivity. We also reduced our water usage by 5.1 percent—well below international standards.

Continual Talent Development

We constantly improve our organizational structure, so we are much more dynamic, agile, and able to adapt to an evolving operating environment. Ultimately, the key to our success is our people—dedicated, talented, and disciplined employees with the knowledge and skills to execute our operating model. Accordingly, we continually work to attract and develop the right people to manage and implement our business strategies, practices, and processes. To foster the growth of quality people, we offer continuous training tools and initiatives, such as our first-time managers program, to give our employees the skills and abilities they need to succeed in an ever-changing world.

A perfect experience for each consumer on every occasion is our ultimate ambition.

FEMSA Comercio

FEMSA COMERCIO

Extensive Market Coverage

Well-Situated to Improve FEMSA's Competitive Position

FEMSA Comercio produced strong top- and bottom-line results in 2008. Total revenues grew 12.0 percent to Ps. 47.1 billion, and income from operations rose 32.6 percent to Ps. 3.1 billion. As a leading vendor of beer, bread, snacks, and soft drinks in all of Mexico, we remain on track to further expand our market coverage and improve FEMSA's competitive position.

Among other factors, our growth came from our continued store expansion and our increased store traffic, with our convenient array of higher margin products and services at competitive prices—from ready-to-drink coffee to electronic cell-phone air-time recharges—increasingly drawing consumers to our convenience stores. In 2008 FEMSA Comercio surpassed the 6,000-store mark, opening 811 new stores for a total of 6,374 stores across Mexico.

Strategic, Profitable Growth

Location plays a critical role in the long-term success of our business. Hence, our capacity to identify and open new stores rapidly and profitably is a key element of our growth strategy. Our proprietary models help us to identify suitable store locations, store layouts, and product assortments. These models not only use location-specific demographic data, but also our knowledge of similar locations to tailor the store's layout, as well as the store's product and service offerings, to suit the specific market. Even as the number of our convenience stores continues to climb, we keep fine-tuning our processes, and the success rate of our new store openings is at a record high.

We continue to make progress with the segmentation of our store base, which has the potential to become an important strategic tool to accelerate our revenues and profitability. Based on the perceived reason that consumers most frequently visit a given store, we are developing the framework for three different types of stores.

Intelligent Systems

Our information technology systems continue to increase our ability to gather consumer information from our stores and to improve our execution on a number of fronts—from consumer intelligence to inventory management to promotion design. Our information technology systems also are enabling us to ensure consistently high standards of quality control across our store base, while allowing us to improve the productivity per square foot of sales space.

Our advanced IT systems enable us to increase our consumer intelligence, optimize our inventory management, and enhance our promotion design.

The vast majority of OXXO's products are bar-coded, and every store is equipped with point-of-sale systems that are integrated into a company-wide computer network. We are currently upgrading this point-of-sale solution. Through this information network, we gain intelligence about consumer preferences and emerging trends, so

we can customize our local marketing and promotions and improve our offerings. For example, in response to growing consumer demand, we continuously add different electronic transactions at our stores—from buying cell-phone top-ups to paying for certain airline tickets. This enhances the level of convenience and flexibility for an increasing number of shoppers and enables us to increase our same-store traffic and average ticket.

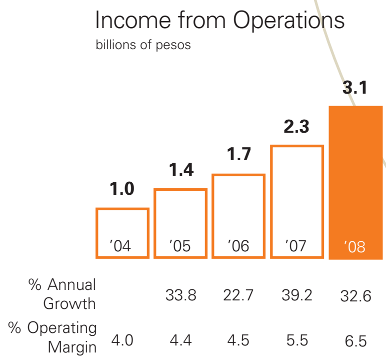
We are continuing to develop our direct-distribution network—from nine to 11 direct distribution centers in 2008—so we are closer and able to make more frequent visits to our stores, and we can continue to improve our product assortment, increase our inventory turns, and minimize stock-outs. Together with the electronic ordering system that we have implemented internally and are developing with some of our largest suppliers, these initiatives will continue to help us grow FEMSA Comercio's profitability going forward.

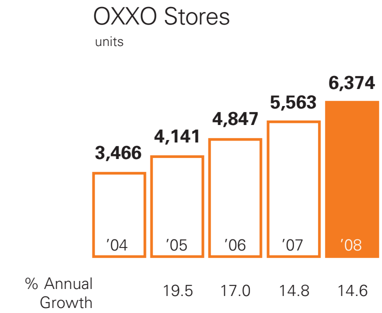
Business Integration

Our convenience stores are an effective distribution channel for our beverage businesses and a rapidly growing point of contact—and commercial intelligence—with our consumers. In 2008 beverage sales accounted for 41.5 percent of FEMSA Comercio's revenues, making our stores the largest retailer of beer and Coca-Cola products in Mexico.

FEMSA Comercio also plays a major role in our beer business's growth and market-penetration strategy across Mexico. Approximately 12.3 percent of FEMSA Cerveza's domestic beer volumes were sold through our OXXO stores in 2008.

We continued to expand our range of convenient "one-stop" services which drew even more consumers to our stores.






¿Comida Rápida?
COBRO DE SERVICIOS
AVIACSA
Todo Correcto ?
SI
NO
CAMBIO MN
ViewSonic
Ciel
purificada
OXXO
OXXO
TU TICKET

Social Responsibility

As we grow, so does our responsibility to society. Our long-term strategy is to create sustainable social and economic value through the growth of our employees, the development of our communities, the preservation of the environment, and our contribution to economic development.

Our efforts did not go unnoticed again this year. For the fourth consecutive year, the Mexican Center for Philanthropy (CEMEFI) recently recognized all of FEMSA's business units for their corporate social responsibility. This award is given to corporations that undertake their business based on ethical principles and values—centered on human dignity.

Quality of Life in the Workplace

The core of our company's philosophy is the integral development of our people and their families, which we advance through our social development model. This model originated in FEMSA's Sociedad Cuauhtémoc y Famosa (SCyF).

On March 30, 2008, SCyF celebrated its 90th anniversary. Created in 1918 as a savings and investment union, SCyF is now an important social and cultural development model for our employees and their families. Today SCyF operates 115 associations and nine social development centers throughout Mexico, as well as one affiliate in Buenos Aires, which foster the development and well-being of our employees and their families. In addition to sports, cultural, and recreational activities, SCyF provides financial and legal services, as well as scholarships and educational opportunities for our employees and their families.

FEMSA is an inclusive organization that values diversity. We believe that all people deserve the opportunity to grow and develop, without discrimination of any kind. We hire and retain people whose abilities enable them to fulfill the responsibilities and demands of the job.

Accordingly, in June 2001, we established the *Labor Integration System* to incorporate and promote equal opportunities for people with disabilities—matching their profiles with the job position. We work closely with the representatives of public and private universities to compile our database of candidates, and we collaborate with the federal government's Integral Family Development System and the Ministry of Labor to conduct a pre-evaluation process of candidates. Since the inception of this program, more than 945 people with disabilities have joined our company across different areas of the organization.

We value diversity and promote equal opportunity for growth and development.

Health and Well-being

The health of humanity around the world is of ever-increasing importance, particularly among some of the neediest sectors of our society. Given this trend and its fundamental significance to people's total development, health and well-being are matters of immense concern to which FEMSA has dedicated great attention and effort over the past decade.

Recognizing that young people are our future, in 2007 FEMSA Cerveza developed and implemented the *Drawing My Own Destiny (Trazando Mi Propio Destino)* program, based on life skills training, to reduce the risks of alcohol consumption abuse, violence, and other hazards by targeting the major social and psychological factors that promote the initiation of dangerous behaviors. This comprehensive and exciting program provides adolescents and

The integral development of our employees and their families is the cornerstone of our company's philosophy.

young teenagers with the confidence and skills necessary to successfully handle challenging situations. Thanks to the very positive results of the initial pilot program—conducted among 30,000 secondary school students from 200 schools in Nuevo León, Mexico—in 2009 the state's Secretary of Education expanded the program to all of its 890 public and private secondary schools, benefiting approximately 225,000 seventh- to ninth-grade students and 9,500 teachers and inspectors, who will help to implement and evaluate the program.

Community Engagement

As an international industry leader, we undertake initiatives that foster the development of our communities and society. We are convinced that we should undertake these efforts today for the benefit of future generations. We are proud to introduce our first major long-term initiative, which we are confident will produce a legacy of community sustainability.

FEMSA Foundation

On November 14, 2008, we unveiled the FEMSA Foundation as our instrument for long-term social investments. Initially, it will invest in and support initiatives that promote the sustainable use of water and the adoption of healthy lifestyles in our communities

through education, science, and technology. Rather than offering donations, the FEMSA Foundation is involved in strategic grant making, investing in projects where it can commit resources and time to their growth and sustainability. In addition, the FEMSA Foundation prefers to invest in alliances with other like-minded institutions to multiply the effect of its approved social investments.

As a flagship project, the FEMSA Foundation, the Inter-American Development Bank, and Tecnológico de Monterrey jointly supported the creation and five-year operation of the Latin American and Caribbean Water Center (LACWC)—the first private center for applied research on the sustainable use of water for the region—through an aggregate investment of US$11.0 million. The center will foster closer collaboration between the scientific community, society, and government; conduct continuous research on the sustainable use of water for Latin America; develop professionals to address Latin America's water issues; and act as a bridge between water, society, the environment, and the economy. We chose the LACWC as our first project because it embodies our desired values and characteristics: collaboration, technology in the service of society, community and environmental well-being, and long-lasting, high-impact approach.

Among other water initiatives, the FEMSA Foundation supports a potable water project in Colombia, which aims to provide access to clean water for 36,000 people in underdeveloped areas of the country; the watershed project, a correct and clear diagnosis of the watersheds in Mexico; and the disaster relief vehicle, a self-contained potable water system that cleans communities' water in the event of a flood. Additionally, we contributed to Pro Cuenca de Valle de Bravo A.C., an organization that develops and provides infrastructure such as dry toilets and water tanks to 600 families in rural areas around the Valley of Mexico. Looking forward, the Foundation is exploring alliances and initiatives to help foster healthy lifestyles among our communities. For more information about the FEMSA Foundation, please visit www.femsafoundation.org.

Our business is based on ethical principles and values—grounded on human dignity.

Social Responsibility Programs

At FEMSA, we are especially committed to the promotion of responsible lifestyles. FEMSA Cerveza was the first corporation in Mexico to institute the *Designated Driver Program* more than a decade ago. The program's main objective is to contribute to the reduction of car accidents related to alcohol abuse by promoting the responsible consumption of alcohol. In 2008 approximately 41,237 registered drivers and more than 174,409 people benefited from the program. During the year, we also sponsored a new advertising campaign for the Designated Driver Program called "Unlike them, you are not designed to crash."

At FEMSA Comercio, *OXXO's Social Responsibility Program (PRO)* encourages customers to round up their bills to the nearest peso, with the extra proceeds helping those who need it most. Since its beginning in 2002, this initiative has benefited more than 729 non-governmental organizations, mainly in the fields of health, education, and social development, with nearly US$18.8 million. Among other services, these institutions provide medical care to low-income patients; food and clothing for the elderly and the poor; and hospital assistance to burn victims. They also promote the advancement of children and young people from poverty.

In May 2008, Coca-Cola FEMSA Colombia and the Office of the President of Colombia through the Counsel for Social Reintegration (Alta Consejería para la Reintegración Social), initiated the *Time Bank (Banco de Tiempo)* program, one of the main initiatives included in the whole reintegration model. Through this program,

As a socially responsible company, we sponsor and support programs that promote the health and well-being of society.

50 employees donate over 100 hours of their time to train approximately 100 former members of guerrilla groups, who want to voluntarily return to civil society. Comprised of courses and workshops, the program includes theoretical and practical training modules related to business development. The goal is to provide these individuals with practical tools to make a legal living and, thereby, help to eradicate violence and to restore peace in Colombia.

At FEMSA, we are confident that education fosters economic and social development. One of our core educational contributions is the creation and ongoing sponsorship of the Instituto Tecnológico y de Estudios Superiores de Monterrey—better known as Tecnológico de Monterrey. Founded under the leadership of Don Eugenio Garza Sada, former CEO of Cervecería Cuauhtémoc, Tecnológico de Monterrey is now one of the most prestigious private universities in Latin America. Today the university offers 50 bachelor degree programs, 31 international bachelor degree programs, 48 master's degree programs, and 11 doctoral degree programs to 91,671 students at 33 campuses across Mexico.

Environmental Care

A healthy environment is important to our business. Accordingly, we work to reduce our environmental impact through sustainable business practices and initiatives.

In 2008 SEMARNAT, Mexico's environment ministry, awarded FEMSA Cerveza and Coca-Cola FEMSA for their voluntary efforts to reduce their CO_2 emissions and to contribute to the prevention of global warming. Together with SEMARNAT, the World Business Council for Sustainable Development, and the World Resources Institute, FEMSA Cerveza and Coca-Cola FEMSA identify, inventory, control, and reduce greenhouse gases (GHG) in Mexico. The reduction of GHG directly helps to reduce climate change and global warming. Accordingly, it is expected that a growing number of companies and government organizations will join this global endeavor.

In 2008 IMER recycled more than 12,000 tons; 7,500 of them were used for post-consumer PET bottles.

Recycling is a key part of our company's commitment to preserve the environment. In 2002 Coca-Cola FEMSA, Coca-Cola de México, and ALPLA México—an important manufacturer and supplier of PET bottles—created the Mexican Recycling Industry (Industria Mexicana de Reciclaje or IMER). In 2004 they worked together to build Latin America's first bottle-to-bottle PET recycling facility in Toluca, Mexico. In 2008 this facility recycled more than 12,000 tons; 7,500 of them were used for post-consumer PET bottles. Employing the plant's FDA (Food and Drug Administration)-approved bottle-to-bottle recycling technology, Coca-Cola FEMSA can incorporate recycled PET into its bottles, benefiting not only our business by using less energy and resources, but also our environment by preserving fossil fuels and enhancing the quality of our communities' surroundings.

Started 10 years ago, the *Planet Mission* program promotes a culture of environmental responsibility by recycling and reusing PET, aluminum, cardboard, and wood. Coca-Cola FEMSA Costa Rica collects the PET, classifies it, grinds it, and then exports it to China. In China, the ground PET is transformed into polyester fiber for the production of fabrics, packaging materials, and wood-like products. In 2008 the program collected more than 1,600 metric tons of these materials.

For more than a century, we have generated economic value for our investors, our employees, our communities, and the countries in which we do business. Indeed, our economic impact has reached well beyond the food and beverage industry.

Beyond these important initiatives, over the past five years, we have invested nearly US$4.4 billion in fixed assets and currently we provide direct employment for more than 120,000 people.

We are confident that the FEMSA Foundation will produce a legacy of community sustainability, such as its first initiative: The Water Center.

Executive Team

We enjoy a broad and deep pool of talented executives who guide our sustainable growth as a premier beverage company. Through the flow of our economic environment, our executive team continues to create value and improve our competitive position. Together, they capitalize on our company's core competencies and capabilities, and take advantage of our integrated beverage model to seize opportunities across our company's increasingly diverse markets. In so doing, they foster FEMSA's legacy of integrity well into the future.

José Antonio Fernández Carbajal

Chairman of the Board and Chief Executive Officer of FEMSA

José Antonio Fernández Carbajal joined FEMSA in 1987. He was named CEO of FEMSA in January 1995 and has served as Chairman of the Board of FEMSA since 2001.

Before becoming CEO of FEMSA, Mr. Fernández Carbajal served as the CEO of OXXO. He also held positions in FEMSA's corporate area, as well as in the commercial department of the Cuauhtémoc Moctezuma Brewery.

Mr. Fernández Carbajal is also Chairman of the Board of Coca-Cola FEMSA, Vice Chairman of the Board of Tecnológico de Monterrey, and he is a board member of important national and international companies, such as Grupo Financiero BBVA Bancomer, Grupo Industrial Bimbo, Grupo Televisa, Industrias Peñoles, and Aerolíneas Volaris, among others.

He co-directs the Mexican Chapter of the Woodrow Wilson Center as President, and for the last 14 years, he has been a professor of Planning Systems in the Industrial and Systems Engineering degree program at Tecnológico de Moneterrey, at the Monterrey campus.

Mr. Fernández Carbajal earned a Bachelor's degree in Industrial and Systems Engineering and a Master's degree in Business Administration from Tecnológico de Monterrey.

Federico Reyes García

Vice-President of Corporate Development of FEMSA

Mr. Reyes assumed his current position in January 2006, after serving as Vice-President of Finance and Corporate Development of FEMSA since 1999. Starting in 1987, he was associated with FEMSA as an external advisor, and he formally joined FEMSA in 1992 as Vice-President of Corporate Development. Between 1993 and 1999, he was CEO of Seguros Monterrey Aetna and Valores Monterrey Aetna and Executive Vice-President of the Insurance and Pension Division at Bancomer Financial Group. He rejoined FEMSA in 1999. Mr. Reyes holds a Bachelor's degree in Accounting from Tecnológico de Monterrey.

Javier Gerardo Astaburuaga Sanjínes

Chief Financial Officer and Vice-President of Strategic Development

Javier Gerardo Astaburuaga joined FEMSA in 1982. In 2006 he was named FEMSA's CFO and Vice-President of Strategic Development.

Prior to that, Mr. Astaburuaga served as co-CEO of FEMSA Cerveza, Vice-President of Sales for Northern Mexico, CFO of FEMSA Cerveza, Vice-President of Corporate Development of FEMSA, and Chief Information Officer of FEMSA Cerveza.

Mr. Astaburuaga earned a Bachelor's degree in Public Accounting from Tecnológico de Monterrey.

Alfonso Garza Garza

Executive Vice-President of Human Resources and Strategic Procurement, Business Processes, and Information Technology

Alfonso Garza joined FEMSA in 1985 and was named Executive Vice-President of Human Resources in 2005. Prior to that, he held various positions at FEMSA Cerveza and FEMSA Empaques (Packaging), including the management of FEMSA Packaging and Grafo Regia. In January 2009, he was appointed as Vice-President of Strategic Procurement, Business Processes, and Information Technology of FEMSA.

Mr. Garza earned a Bachelor's degree in Industrial Engineering from Tecnológico de Monterrey and completed post-graduate courses at Instituto Panamericano de Alta Dirección de Empresas (IPADE).

José González Ornelas

Vice-President of Auditing and Operating Control of FEMSA

José González assumed the current position in 2002. He first joined FEMSA in 1973, where he held different positions in the organization, such as Finance Information Vice-President.

In 1987, he was CFO of FEMSA Cerveza and in 1994, he was named Vice-President of Planning and Corporate Development of FEMSA and CEO of FEMSA Logistica.

He is a board member of several international companies, he participates as Auditing Committee Secretary of FEMSA's and Coca-Cola FEMSA's board and sits on the controller board at Tecnológico de Monterrey. He is also part of the Instituto de Contadores Públicos de Nuevo León Directive Committee and he is President of the Club de Futbol Monterrey board.

He holds a Bachelor's degree in Accounting from la Universidad Autónoma de Nuevo León and undertook post-graduate studies in business administration from different universities in Mexico and abroad.

Genaro Borrego Estrada

Vice-President of Corporate Affairs

Genaro Borrego joined FEMSA in September 2007 as Vice-President of Corporate Affairs.

Prior to that, Mr. Borrego was elected as a Federal Congressman for the LII Legislature from 1982 to 1985. After that, he served as Governor of the Mexican State of Zacatecas from 1986 to 1992 and in early 1992 he was elected President of the political party PRI for one year.

From 1993 to 2000, he led the Mexican Social Security Institute (IMSS) and he was the President of the Interamerican Social Security Conference.

In 2000, he was also elected as a Senator of the Federal Congress to represent the State of Zacatecas during the LVIII and LIX Legislatures. He holds a degree in International Relations from Universidad Iberoamericana.

Carlos Salazar Lomelín

Chief Executive Officer of Coca-Cola FEMSA

Carlos Salazar joined FEMSA in 1973 and was named CEO of Coca-Cola FEMSA in 2000. Prior to that, he held senior management positions in several subsidiaries, including CEO of FEMSA Cerveza, Commercial Planning Officer of FEMSA and General Manager of Grafo Regia.

Mr. Salazar was President of the Comisión Siglo XXI in the city of Monterrey, Mexico and President of International Business Center of Monterrey (CINTERMEX). He earned a Bachelor's degree in Economics from Tecnológico de Monterrey and undertook post-graduate studies in Business Administration and Economic Development in Italy.

Jorge Luis Ramos Santos

Chief Executive Officer of FEMSA Cerveza

Jorge Luis Ramos joined FEMSA in 1996 and was named CEO of FEMSA Cerveza in 2006 after serving two years as Co-CEO. Prior to that, he served as FEMSA Cerveza's Sales Vice-President for Southern Mexico and FEMSA Cerveza's Human Resources Vice-President.

Before joining FEMSA, Mr. Ramos held executive positions in different corporations and financial institutions, including Grupo ALFA and Serfin.

Mr. Ramos earned a Bachelor's degree in Administration and Public Accounting from Tecnológico de Monterrey and a Master's degree in Business Administration from the University of Pennsylvania's Wharton School of Business.

Eduardo Padilla Silva

Chief Executive Officer of FEMSA Comercio

Eduardo Padilla joined FEMSA in 1997, and in 2000 he was named CEO of FEMSA Strategic Businesses—which includes Packaging, Logistics and OXXO. Since 2004, he has focused as CEO of FEMSA Comercio. Prior to that, Mr. Padilla served as FEMSA's Director of Strategic Procurement and Strategic Planning.

Before joining FEMSA, Mr. Padilla served as CEO of Terza, S.A. de C.V., a subsidiary of Grupo ALFA, from 1987 to 1996.

Mr. Padilla earned a Bachelor's degree in Mechanical and Industrial Engineering from Tecnológico de Monterrey and a Master's degree in Business Administration from Cornell University. He also has completed graduate studies at Instituto Panamericano de Alta Dirección de Empresas (IPADE).

Responsible Corporate Governance

FEMSA's Board of Directors guides our company's growth in accordance with the highest standards of corporate governance. Only on a foundation of responsible corporate governance can we consistently build our business and deliver the results our shareholders, consumers, employees, and other stakeholders expect from our company.

The Board of Directors works to ensure that our company promotes financial transparency and accountability and high ethical standards. We are committed to the quality of our disclosures practices, and adhere to best corporate-governance practices. We comply with the standards set forth in the Mexican Securities Market Law and applicable requirements established by the United States' Sarbanes-Oxley Act. We were also among the leaders in compliance with the Best Corporate Practices Code, established by the Mexican Entrepreneurial Council.

Audit Committee

The Audit Committee is responsible for (1) reviewing the accuracy and integrity of FEMSA's quarterly and annual financial statements in accordance with accounting, internal control, and auditing requirements; (2) the appointment, compensation, retention, and oversight of the independent auditor, who reports directly to the Audit Committee; (3) reviewing related party transactions other than in the ordinary course of FEMSA's business; and (4) identifying and following up on contingencies and legal proceedings. The Audit Committee has implemented procedures for receiving, retaining, and addressing complaints regarding accounting, internal control, and auditing matters, including the submission of confidential, anonymous complaints from employees regarding questionable accounting or auditing matters. To carry out its duties, the Audit Committee may hire independent counsel and other advisors. As necessary, the company compensates the independent auditor and any outside advisor hired by the Audit Committee and provides funding for ordinary administrative expenses incurred by the Audit Committee in the course of its duties. Alexis E. Rovzar de la Torre is the Chairman of the Audit Committee. Members include José Manuel Canal Hernando, a financial expert, Francisco Zambrano Rodríguez, and Alfonso González Migoya—all of them independent directors. The Technical Secretary of the Audit Committee is José González Ornelas, Vice-President of Auditing and Operating Control of FEMSA.

Corporate Practices Committee

The Corporate Practices Committee comprised of independent directors is responsible for preventing or reducing the risk of performing operations that could damage the value of FEMSA or that benefit a particular group of shareholders. The Committee (1) may call a shareholders meeting and include matters on the agenda for that meeting that it may deem appropriate; (2) approve policies on the use of the company's assets or related party transactions; (3) approve the compensation of the Chief Executive Officer and relevant officers; and (4) support the Board of Directors in the elaboration of reports on accounting practices. Lorenzo H. Zambrano is the Chairman of this Committee. Members include Carlos Salguero and Helmut Paul. The Secretary of the Corporate Practices Committee is Alfonso Garza Garza, FEMSA's Vice-President of Human Resources and Strategic Procurement, Business Processes, and Information Technology.

Finance Committee

The Finance Committee's responsibilities include (1) evaluating the investment and financing policies proposed by the Chief Executive Officer; and (2) identifying risk factors to which the corporation is exposed, as well as evaluating its management policies. Ricardo Guajardo Touché is Chairman of the Finance Committee. Members include Robert E. Denham, Francisco Javier Fernández Carbajal, Alfredo Livas Cantú, and Federico Reyes García. The Secretary of the Committee is Javier Astaburuaga Sanjínes, FEMSA's Chief Financial Officer.

For more information on how our corporate governance practices differ from those followed by United States companies under the New York Stock Exchange (NYSE) listing standards, please refer to the Corporate Governance section of our website: www.femsa.com/investor.

Board of Directors

In 2008 we bade farewell to a great corporate statesman, Don Eugenio Garza Lagüera. For more than 50 years, his devotion, passion, and commitment helped to make FEMSA the successful company that it is today.

His leadership set the example—and the core foundation—for our company. Among his guiding principles, he taught us that economic and social development go hand-in-hand; that integrity and respect for our commitments to our people's, our community's, and our country's economic and social growth are the basis of our business through good and bad times.

The best way for us to honor his memory is to follow his lead—his legacy of strength, persistence, optimism, modesty, integrity, respect, and goodwill.

Eugenio Garza Lagüera
(Mr. Garza Lagüera passed away on May 24, 2008)
Honorary Life Chairman of the Board of FEMSA
Elected 1960
Alternate: Mariana Garza de Treviño

José Antonio Fernández Carbajal
Chairman of the Board and
Chief Executive Officer of FEMSA
Elected 1984
Alternate: Federico Reyes García[c]

Bárbara Garza de Braniff
Private Investor
Elected 2007
Alternate: Eva Garza de Fernández

José Calderón Rojas
Chairman and Executive Vice President of
Servicios Administrativos de Monterrey, S.A.
de C.V. and Franca Industrias, S.A. de C.V.
Real Estate Company
Elected 2005
Alternate: Francisco José Calderón Rojas

Consuelo Garza de Garza
Founder and Former President of ANSPAC
Not-for-Profit Organization
Elected 1995
Alternate: Alfonso Garza Garza

Max Michel Suberville
Honorary Chairman of the Board of El Puerto de
Liverpool, S.A.B. de C.V.
Department Store Chain
Elected 1985
Alternate: Max Michel González

Alberto Bailleres
Chairman of the Board and Executive President
of Grupo Bal S.A. de C.V.
Mining and Metallurgic Industry, Insurance
Company, and Department Store Chain
Elected 1995
Alternate: Arturo Fernández Pérez

Francisco Javier Fernández[c]
Private Business Consultant
Elected 2005
Alternate: Javier Astaburuaga Sanjínes

Ricardo Guajardo Touché[c]
Former Chairman of the Board of
Grupo Financiero BBVA Bancomer, S.A. de C.V.
Financial Institution
Elected 1988
Alternate: Othón Páez Garza

Alfredo Livas Cantú[c1]
President of Praxis Financiera, S.C.
Financial Consulting Firm
Elected 1995
Alternate: Sergio Deschamps Ebergenyi[1]

Roberto Servitje Sendra
Chairman of the Board
Grupo Industrial Bimbo, S.A.B. de C.V.
Food
Elected 1995
Alternate: Juan Guichard Michel

Carlos Salguero[b1]
Former Executive Vice President of
Philip Morris International
Tobacco & Beverages
Elected 1995
Alternate: Alfonso González Migoya[a1]

Paulina Garza de Marroquín
Private Investor
Elected 2007
Alternate: Carlos Salazar Lomelín

José Manuel Canal Hernando[a1]
Private Consultant
Accounting Firm
Elected 2003
Alternate: Ricardo Saldívar Escajadillo[1]

Armando Garza Sada
Executive Vice President of Corporate
Development of Alfa S.A.B. de C.V.
Elected 2006
Alternate: Eduardo Padilla Silva

Alexis E. Rovzar[a1]
Executive Partner of White & Case S.C.
Law Firm
Elected 1989
Alternate: Francisco Zambrano Rodríguez[a1]

Helmut Paul[b1]
Owner of H. Paul & Company LLC
Corporate Finance Advisory Firm
Elected 1988
Alternate: Antonio Elosúa Muguerza[1]

Lorenzo H. Zambrano[b1]
Chairman of the Board and Chief Executive
Officer of CEMEX, S.A.B. de C.V.
Elected 1995
Alternate: Francisco Garza Zambrano[1]

Robert E. Denham[c]
Partner of Munger, Tolles & Olson LLP
Law Firm
Elected 2001
Alternate: José González Ornelas

Secretary
Carlos Eduardo Aldrete Ancira

Alternate Secretary
Arnulfo Treviño Garza

Committees:
a) Auditing
b) Corporate Practices
c) Finance and Planning

Relation:
1) Independent

An Invaluable Legacy

In 2008 we mourned the passing of Don Eugenio Garza Lagüera. He was not only recognized as one of Mexico's most respected businessmen, but also as a renowned philanthropist and promoter of education, culture, and environmental conservation.

In 2008 we bade farewell to a great corporate statesman, Don Eugenio Garza Lagüera. An honorable man of few words and strong convictions, Don Eugenio led varied cultural, educational, and business interests across several nations. He was not only one of the most respected businessmen in his native Mexico, but also a supporter of education, distinguished philanthropist, leader in environmental conservation, and cultural example across two continents. Over a long and fruitful life, he received many awards for his achievements and strong sense of social responsibility. We are proud that FEMSA demonstrates the philosophy and generation of value for which Don Eugenio was recognized.

For more than 50 years, his devotion, passion, and commitment helped to make FEMSA the successful company that it is today. His leadership set the example—and the core foundation—for our company. Across the flows of the economy of the last half century, his creative skills and ability to create value in the face of adversity have led FEMSA to its preeminent position as the integrated beverage company with the greatest presence in Latin America. Among his guiding principles, he taught us that economic and social development can go hand-in-hand; that integrity and respect for our commitments to our people's, our community's, and our country's economic and social growth are the basis of our business through good and bad times.

We, the collective family and friends of FEMSA, offer our thanks to this great man for his abiding concern and focus on our collective well-being. He has shown us that true greatness in people comes from their actions of respect, humbleness, and camaraderie.

The best way for us to honor his memory is to follow his lead—his legacy of strength, persistent optimism, modesty, integrity, respect, and goodwill. With deep gratitude we say again, "Farewell, Don Eugenio. May you and your deeds be long remembered!"

Balance Through Geographic Expansion

FEMSA Overview

SOFT DRINK BRANDS

Agua De Los Ángeles
Alpina
Aquarius
Beberé
Black Fire
Brisa
Burn
Carioca
Cepita
Cepita Aguas
Chinotto
Ciel
Ciel Aquarius
Coca-Cola
Coca-Cola Light
Coca-Cola Zero
Crush
Crystal
Dasani
Dasani Sabores
Delaware Punch
Fanta
Fanta Light
Fanta Zero
Fresca
Fresca Uno
Freskolita
Frutsi
Glaceau
Gladiador
Hi-C
Hit
I-9
Ju-C
Jugos del Valle
Kapo
Keloco
Kist
Kola Roman
Kuat
Kuat Light
Laranja Kaseira
Lift
Lift Zero
Manantial
Minute Maid
Montefiore
Mundet
Nestea
Nestea Light
Nevada
Polar
Polar Quinada
PowerAde
Premio
Prisco
Quatro
Quatro Light
Santa Clara
Schweppes
Schweppes Aguas
Shangri-La
Sidral Mundet
Sidral Mundet Light
Simba
Soda Clausen
Sprite
Sprite Zero
Sonfill
Sunfrut
Tai
Valle Frut Naranjada
Valle Frut Pulpa

OXXO BRANDS

andatti

	MEXICO			ARGENTINA	BRAZIL
COMPANY	FEMSA CERVEZA	FEMSA COMERCIO	COCA-COLA FEMSA		
FEMSA Ownership (%)	100	100	53.7[1]		
Sales Volume	30,872[2][10]	—	1,149[3]	186[3]	371[3]
Revenues[4]	42,385[8]	47,146	33,799	21,204	
Income from Operations[4]	5,394[8]	3,077	6,715	3,321	
Plants/Stores	6	6,374	10	1	4
Distribution Facilities	347	11	83	5	27
Distribution Routes	2,795	—	3,680	296	1,417
Brands	21	1	42	27	19
Clients[5]	320	3.7[6]	612	82	197
Head Count[7]	23,815	21,261	65,021		

Note: Includes just information of core businesses.

(1) The remaining 31.6% and 14.7% are owned by The Coca-Cola Company and by the public, respectively.
(2) Thousands of hectoliters.
(3) Millions of unit cases (one unit case equals 24 8-ounce bottles).
(4) Expressed in millions of Mexican pesos.
(5) Expressed in thousands.

BEER BRANDS

Bavaria sem Álcool
Bavaria Pilsen
Bavaria Premium
Bohemia
Bohemia Obscura
Carta Blanca
Carta Blanca Edición Especial
Carta Blanca Light
Casta
Chopp Sol sem Álcool
Coors Light
Heineken
Indio
Kaiser
Kaiser Bock
Kaiser Gold
Kaiser Pilsen
Kloster
Kloster Light
Noche Buena
Palma Louca
Santa Cerva
Sol
Sol 2
Sol Brava
Sol Cero
Sol Cero Limón y Sal
Sol Light
Sol Limón y Sal
Sol Obscura
Sol Pilsen
Sol Premium
Sol Zero
Soul Citric
Summer
Superior
Superior Edición Especial
Tecate
Tecate Light
Xingu
XX Ambar
XX Lager

	GUATEMALA	NICARAGUA	COSTA RICA	PANAMA	COLOMBIA	VENEZUELA	BRAZIL
COMPANY	COCA-COLA FEMSA						FEMSA CERVEZA
FEMSA Ownership (%)	53.7[1]						83.0[9]
Sales Volume	133[3]				198[3]	207[3]	10,181[2]
Revenues[4]	27,973						42,385[8]
Income from Operations[4]	3,659						5,394[8]
Plants/Stores	5				6	4	8
Distribution Facilities	28				32	33	8
Distribution Routes	316				607	466	850
Brands	28				17	11	14
Clients[5]	102				366	159	400
Head Count[7]	65,021						2,210

(6) Millions of clients per day.
(7) Includes third-party head count.
(8) FEMSA Cerveza results, includes Mexico, Brazil and exports.
(9) The remaining 17% is owned by Heineken.
(10) Includes exports.

BUSINESS UNIT HIGHLIGHTS

Coca-Cola FEMSA

Total Revenues
billions of pesos

	'04	'05	'06	'07	'08
	56.5	59.6	64.0	69.3	83.0
% Annual Growth		5.5	7.4	8.1	19.8

Income from Operations
billions of pesos

	'04	'05	'06	'07	'08
	9.1	10.0	10.3	11.5	13.7
% Annual Growth		9.8	2.8	11.6	19.2
% Operating Margin	16.1	16.8	16.1	16.6	16.5

Beginning in 2008 we discontinued inflation accounting for our subsidiaries in Mexico, Guatemala, Panama, Colombia, and Brazil. 2008 figures for these are in nominal pesos. For the rest of our subsidiaries in Nicaragua, Costa Rica, Venezuela, and Argentina, we applied inflation accounting during 2008.

EBITDA*
billions of pesos

	'04	'05	'06	'07	'08
	11.9	12.9	13.3	14.4	17.1
% Annual Growth		8.4	2.7	8.7	18.6

*EBITDA equals Operating Income plus Depreciation, Amortization and other non-cash items.

Total Assets
billions of pesos

	'04	'05	'06	'07	'08
	77.2	76.2	80.4	87.2	98.0
% Annual Growth		(1.3)	5.5	8.4	12.4

Personnel
thousands

	'04	'05	'06	'07	'08
	56.2	55.6	56.7	58.1	65.0
% Annual Growth		(1.1)	1.9	2.5	11.9

BUSINESS UNIT HIGHLIGHTS

FEMSA Cerveza

Total Revenues
billions of pesos

	'04	'05	'06	'07	'08
	27.9	29.8	37.9	39.6	42.4
% Annual Growth		6.9	27.4	4.3	7.1

Income from Operations
billions of pesos

	'04	'05	'06	'07	'08
	5.4	5.9	6.2	5.5	5.4
% Annual Growth		9.7	5.6	(11.5)	(1.9)
% Operating Margin	19.2	19.7	16.4	13.9	12.7

Beginning in 2008 we discontinued inflation accounting for our subsidiaries in Mexico, Guatemala, Panama, Colombia, and Brazil. 2008 figures for these are in nominal pesos. For the rest of our subsidiaries in Nicaragua, Costa Rica, Venezuela, and Argentina, we applied inflation accounting during 2008.

EBITDA*
billions of pesos

	'04	'05	'06	'07	'08
	9.2	9.7	10.3	9.4	9.6
% Annual Growth		5.3	6.7	(8.7)	2.3

*EBITDA equals Operating Income plus Depreciation, Amortization and other non-cash items.

Total Assets
billions of pesos

	'04	'05	'06	'07	'08
	47.9	48.2	62.2	65.5	65.5
% Annual Growth		0.7	29.0	5.3	0

Personnel*
thousands

	'04	'05	'06	'07	'08
	19.7	20.7	24.0	24.5	26.0
% Annual Growth		5.0	15.9	1.9	6.1

*Beginning in 2008, personnel includes third-party employees.

BUSINESS UNIT HIGHLIGHTS

FEMSA Comercio

Total Revenues
billions of pesos

	'04	'05	'06	'07	'08
	25.5	31.0	36.8	42.1	47.1
% Annual Growth		21.8	18.7	14.3	12.0

Income from Operations
billions of pesos

	'04	'05	'06	'07	'08
	1.0	1.4	1.7	2.3	3.1
% Annual Growth		33.8	22.7	39.2	32.6
% Operating Margin	4.0	4.4	4.5	5.5	6.5

Beginning in 2008 we discontinued inflation accounting for our subsidiaries in Mexico, Guatemala, Panama, Colombia, and Brazil. 2008 figures for these are in nominal pesos. For the rest of our subsidiaries in Nicaragua, Costa Rica, Venezuela, and Argentina, we applied inflation accounting during 2008.

EBITDA*
billions of pesos

	'04	'05	'06	'07	'08
	1.5	2.0	2.5	3.3	4.2
% Annual Growth		32.5	23.0	32.8	28.1

*EBITDA equals Operating Income plus Depreciation, Amortization and other non-cash items.

Total Assets
billions of pesos

	'04	'05	'06	'07	'08
	9.2	10.5	12.3	14.3	17.2
% Annual Growth		13.3	17.7	16.0	20.3

Personnel*
thousands

	'04	'05	'06	'07	'08
	7.8	9.2	11.5	15.8	21.3
% Annual Growth		18.3	24.0	38.2	34.4

*Commission agents not included.

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STOCK EXCHANGE AND SYMBOL
Fomento Económico Mexicano, S.A.B. de C.V. stock trades on the Bolsa Mexicana de Valores (BMV) in the form of units under the symbols FEMSA UBD and FEMSA UB. The FEMSA UBD units also trade on The New York Stock Exchange, Inc. (NYSE) in the form of ADRs under the symbol FMX.

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The FEMSA 2008 Annual Report may contain certain forward-looking statements concerning FEMSA and its subsidiaries' future performance and should be considered as good faith estimates of FEMSA and its subsidiaries. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to further events and uncertainties which could materially impact the Company's subsidiaries' actual performance.

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