



FEMSA Announces Completion of Major Debt Refinancing Transactions

MONTERREY, Mexico--(BUSINESS WIRE)--Dec. 16, 1999--Fomento Economico Mexicano, S.A. de C.V. ("FEMSA" or the "Company") (NYSE:FMX), Mexico's largest beverage company, announced today the successful completion of its major refinancing tasks for liabilities maturing in year 2000, enhancing the Company's liability structure and overall financial strength. Approximately \$99 million of debt at the holding company level was repaid and the remaining \$100 million was recently refinanced through a three year bullet loan at very attractive spreads over LIBOR (2.125 p.p., 2.25 p.p., and 2.375 p.p. for the first, second and third year of the loan, respectively).

As of September 31, 1999 the Company's net debt (defined as total debt minus cash and marketable securities) amounted to approximately \$634 million dollars and the leverage, capitalization, and interest coverage ratios of 54%, 23% and 15.7 times, respectively, reached their most favorable record levels over the past ten years. "Within the largest twenty manufacturing public companies in Mexico (in terms of sales), FEMSA ranks among the top five strongest capitalized companies" stated Jose Antonio Fernandez, FEMSA's Chief Executive Officer.

The Company's strong capitalization reflects management's unwavering focus over the last five years on improving asset utilization, rationalizing capital expenditures and significantly improving the profitability of all of FEMSA's businesses. "I feel very satisfied that FEMSA is not only the largest beverage company in Mexico, but also one of the most financially sound, which will enable it, without a doubt, to continue competing successfully in an increasingly globalized economy" said Fernandez.

"As a result of the recently completed refinancing program, the debt maturity profile of the Company looks favorable for year 2000, with 9% of the Company's total indebtedness maturing next year and less than 9% of total indebtedness in short term liabilities" stated Federico Reyes, Chief Financial Officer of FEMSA.

This report may contain certain forward-looking statements concerning FEMSA's future performance and 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.

FEMSA is Mexico's largest strategically integrated beverage company with exports to the United States, Canada and numerous countries in Latin America, Europe and the Far East. Founded in 1890 and with headquarters in Monterrey, Mexico, FEMSA operates through the following subsidiaries: FEMSA Cerveza, which produces and distributes name brands of beer such as Tecate, Carta Blanca, Superior, Sol, XX Lager, Dos Equis and Bohemia; Coca-Cola FEMSA, one of two "Anchor Bottlers" for The Coca-Cola Company in Latin America, which produces and distributes soft drinks including Coca-Cola, Coca-Cola Light, Sprite, Fanta and Quatro; FEMSA Empaques, which supports the beverage operations by producing beverage cans, glass bottles, crown caps, labels, cardboard, commercial refrigerators, and serves third party clients throughout the Americas; FEMSA Comercio, which operates OXXO, Mexico's most extensive chain of convenience stores; Desarrollo Comercial FEMSA, which operates OXXO Express, which operates convenience stores adjacent to gasoline stations and FEMSA Logistica, which provides logistics management services to FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Empaques.