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FEMSA RELEASES UNAUDITED FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED MARCH 31, 1998

Monterrey, Mexico (April 28, 1998) - Set forth below is certain unaudited financial information for Fomento Economico Mexicano, S.A. de C.V. ("FEMSA" or the "Company") (FEMSYP:PORTAL) for the first quarter ended March 31, 1998. FEMSA is a holding company, whose principal activities are grouped under the following five sub-holding 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; and 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.

All figures are expressed in constant Mexican pesos ("Ps.") with purchasing power as of March 31, 1998, and were prepared in accordance with Mexican Generally Accepted Accounting Principles ("Mexican GAAP").

FEMSA Consolidated - Income from Operations

Total Revenues/Net Sales

FEMSA´s consolidated total revenues increased by 10.1% to Ps. 6.250 billion for the first quarter of 1998 from Ps. 5.637 billion for the first quarter of 1997. Consolidated net sales increased by 9.9% to Ps. 6.193 billion for the first quarter of 1998, and represented 99.1% of total revenues. The increase in consolidated net sales was attributable to sales gains recorded by each of the Company's principal operating subsidiaries, with the exception of FEMSA Cerveza, which recorded a decline in net sales of 1.3%. Sales growth was particularly strong for Coca-Cola FEMSA, FEMSA Empaques and FEMSA Comercio, whose net sales increased by 9.7%, 4.3% and 18.0%, respectively, in the first quarter of 1998. Sales growth was primarily attributable to growth in sales volumes and, in the case of FEMSA Comercio, same store sales growth of 10.3% and an increase in the number of Oxxo stores.

Gross Profit

FEMSA´s consolidated gross profit increased by 13.4% to Ps. 2.732 billion for the first quarter of 1998, representing a consolidated gross profit margin of 44.1% of consolidated net sales, compared to 42.7% in the first quarter of 1997. The improvement in consolidated gross profit was attributable primarily to FEMSA Cerveza, although Coca-Cola FEMSA, FEMSA Empaques and FEMSA Comercio also recorded gross profit growth.

Income from Operations

FEMSA´s consolidated operating expenses increased by 11.1% for the first quarter of 1998 to Ps. 2.071 billion from Ps. 1.865 billion in the first quarter of 1997. The rate of increase in consolidated gross profit exceeded the growth in consolidated operating expenses and, as a result, consolidated income from operations (after participation in the results of affiliated companies) for the first quarter of 1998 increased by 19.5% to Ps. 661 million from Ps. 553 million in the comparable period of 1997. The Company's consolidated operating margin improved to 10.6% of consolidated total revenues in the first quarter of 1998 from 9.8% of consolidated total revenues in the first quarter of 1997. The expansion of the consolidated operating margin was primarily attributable to operating improvements in FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Comercio.

FEMSA Cerveza

Net Sales

FEMSA Cerveza's net sales decreased by 1.3% in the first quarter of 1998 to Ps. 2.298 billion from Ps. 2.329 billion in the comparable period in 1997 and total revenues decreased by 1.1% to Ps. 2.320 billion in the first quarter of 1998. FEMSA Cerveza's total shipments decreased by 8.9% to 4.514 million hectoliters for the first quarter of 1998, from 4.954 million hectoliters for the first quarter of 1997, driven by a 9.4% decline in domestic volume shipments, to 4.259 million hectoliters in the first quarter of 1998 from 4.703 million hectoliters in the comparable period of 1997, that decline was primarily attributable to a 23.0% average price increase which was implemented on January 1, 1998, and the unfavorable effect of inventory build ups by retailers in late December 1997, in anticipation of such price increase. The price increase was implemented in response to an increase in the Mexican beer excise tax from 19% to 25% effective as of January 1, 1998. Canned presentations represented 18.3% of domestic shipments in the first quarter of 1998, compared to 18.6% in the first quarter of 1997, and returnable presentations increased from 77.6% of domestic shipments in the first quarter of 1997 to 78.4% of domestic shipments in the first quarter of 1998. For the first quarter of 1998, export shipments grew by 1.6% to 255 thousands of hectoliters compared with 251 thousands of hectoliters in the comparable period of 1997. Shipments to the USA, our main export market, increased by 20.3% in the first quarter of 1998 compared with the same quarter of 1997, while shipments to the Latin American market decreased importantly, mainly as a result of the reorganization of the sales structure in Brazil. Export revenues decreased by 3.7% to Ps. 148 million in the first quarter of 1998, from Ps. 154 million in 1997, as a result of the real appreciation of the Peso in the first quarter of 1998. In U.S. Dollar terms, export revenues increased by 3.2 %. The decline in net sales is primarily attributable to the fact that the decline in domestic shipments was greater than the increase in the average price per hectoliter, which includes the effect of mix of presentations, regional pricing and discounts.

Gross Profit

FEMSA Cerveza's gross profit increased by 19.9% for the first quarter of 1998 to Ps. 1.127 billion from Ps. 940 million for the comparable period in 1997. The increase in gross profit was the result of a 15.2% decline in the cost of goods sold. The decline in the cost of goods sold is primarily attributable lower variable costs and freight costs as a result of the decline in domestic shipments, lower packaging costs in real terms and continuous reduction in conversion costs attributable to efficiencies achieved in the production process. As a result of these cost reductions, which significantly exceeded the decline in net sales, FEMSA Cerveza's gross profit margin expanded by 8.7 percentage points to 49.1% of net sales in the first quarter of 1998 from 40.4% of net sales in the first quarter of 1997.

Income from Operations

Notwithstanding the reduction in shipments and an increase in operating expenses, FEMSA Cerveza's income from operations increased by 41.3% to Ps. 220 million for the first quarter of 1998, from Ps. 156 million for the first quarter of 1997. This represented an operating margin of 9.5% of total revenues, a 2.9 percentage point expansion over the 6.6% operating margin recorded in the first quarter of 1997. Operating expenses increased by 14.5% in the first quarter of 1998 primarily as a result of FEMSA Cerveza's continued investment in brand positioning. These investments include increased advertising and media campaigns, sponsorships and investment in brand awareness for all of FEMSA Cerveza's principal brands as well as merchandising strategies at the point of sale. Additionally, FEMSA Cerveza supported volume by increasing its commercial expenses, in order to partially offset the impact of the recent price increase. Moreover, FEMSA Cerveza's retail coverage as of March 31, 1998 has increased relative to the same period last year, reflecting the success of the brand portfolio strategy in penetrating low market share regions. As a result of the decrease in volume and larger retail coverage, the fixed costs associated with such extended coverage have not been efficiently absorbed.

Coca-Cola FEMSA

Net Sales

Coca-Cola FEMSA recorded net sales of Ps. 2.449 billion for the first quarter of 1998, a 9.7% increase from net sales of Ps. 2.233 billion for the first quarter of 1997. Total revenues grew by 9.6% to Ps. 2.482 billion from Ps. 2.265 billion in the first quarter of 1997. Net sales growth was driven by volume growth in the Mexican territories. Sales volume in the Mexican territories grew by 25.0% to 89.5 million unit cases in the quarter ended March 31, 1998 and represented 75.9% of Coca-Cola FEMSA's total sales volume for such period. For the first quarter of 1998, sales volume in the Valley of Mexico increased by 23.1% to 67.9 million unit cases and sales volume in Southeast Mexico increased by 31.4% to 21.6 million unit cases, including sales volume in the Tapachula territory. Volume growth in the Mexican territories reflects Coca-Cola FEMSA's continued investment in technology, sales force training, the pre-sell system and refrigeration equipment as well as increased promotional efforts. Sales volume in Buenos Aires increased by 6.0% to 28.4 million unit cases in the first quarter of 1998 from 26.8 million unit cases in the first quarter of 1997. These figures exclude volumes sold to other Argentine Coca-Cola bottlers. Volumes in the Buenos Aires territory were weaker than expected due to continued competition in the supermarket channel.

Sales growth slightly lagged volume growth in Mexico primarily due to the higher rate of growth of larger presentations, which are sold for a lower price per ounce of beverage than smaller presentations. In the first quarter of 1998, approximately 58% of Coca-Cola FEMSA's sales volume for the Mexican territories was in presentations of one liter or larger, compared to approximately 55% for the same period last year. In addition, average real prices for Coca-Cola FEMSA's products have continued to declined in 1998. Average real prices for Coca-Cola FEMSA's products declined by 1.5% in the Mexican territories in the first quarter of 1998. In the Buenos Aires territory, average prices have declined by 15.8% for the same period, which offset the positive effect of volume growth, resulting in a decline in net sales of approximately 10.7% in this territory for the quarter ended March 31, 1998.

Gross Profit

Coca-Cola FEMSA's cost of goods sold increased by 10.7% to Ps. 1.409 billion for the first quarter of 1998, compared to Ps. 1.273 billion for the first quarter of 1997. The increase in cost of goods sold is primarily attributable to higher volumes, higher wage expenses associated with an increase in the number of production employees and an increase in real wages, as well as higher raw material costs associated with the increase in the mix of one-way presentations. Notwithstanding the increase in the cost of goods sold, Coca-Cola FEMSA recorded gross profit of Ps. 1.072 billion for the quarter ended March 31, 1998, an 8.1% increase over gross profit of Ps. 992 million for the comparable period in 1997. Coca-Cola FEMSA's gross margin for the quarter was 43.8% of net sales, compared with 44.4% for the same period last year.

Income from Operations

Income from operations after amortization of goodwill grew by 14.6% to Ps. 255 million for the quarter first quarter of 1998, from Ps. 222 million for the first quarter of 1997, and Coca-Cola FEMSA's operating margin expanded from 9.8% in the first quarter of 1997 to 10.3% in the first quarter of 1998, notwithstanding the decline in the income from operations in the Buenos Aires territory. The increase in income from operations was attributable to the many efforts which Coca-Cola FEMSA has made to improve productivity and contain operating expenses, which increased by 5.6% for the quarter ended March 31, 1998.

FEMSA Empaques

Net Sales

FEMSA Empaques experienced net sales growth, prior to elimination of intercompany sales, of 4.3% for the first quarter of 1998, to Ps. 1.208 billion from Ps. 1.158 billion for the first quarter of 1997. Sales growth was mainly attributable to volume growth in beverage cans, commercial refrigerators and labels, which experienced growth of 17.5%, 105.5% and 5.7%, respectively. Export revenues increased by 49.9% to Ps. 119 million in the first quarter of 1998 from Ps. 79 million in the first quarter of 1997, and represented 9.8% of net sales compared to 6.8% in the first quarter of 1997. In U.S. Dollar terms, export revenues increased by 60.7% for the first quarter of 1998. Inter-company sales accounted for 56.5% of FEMSA Empaques' total revenues for the first quarter of 1998, compared to 60.5% for the same period last year. In the first quarter of 1998, sales to FEMSA Cerveza represented 29.0% of FEMSA Empaques's sales compared with 42.1% in the comparable period in 1997, as a result of the decline in domestic beer shipments. The sales prices for FEMSA Empaques' principal products decreased in real terms despite the increases in the prices of the principal raw materials used in the production of these products. The price increases in the raw materials were not passed on to FEMSA Empaques' customers (including both affiliates and third parties) in the form of higher product prices in the first quarter of 1998.

Gross Profit

The cost of goods sold increased by 3.7% for the first quarter of 1998 to Ps. 898 million from Ps. 866 million for the first quarter of 1997. FEMSA Empaques was impacted by increasing raw material costs, reflecting higher aluminum costs. FEMSA Empaques' gross profit increased by 4.2% to Ps. 315 million for the first quarter of 1998 from Ps. 302 million for the comparable period last year, and the gross margin remained constant at 26.1% of net sales.

Income from Operations

Operating expenses increased by 25.2% for the first quarter of 1998, primarily attributable to a growing sales structure to support FEMSA Empaques' increasing sales to domestic and export third party customers and higher freight cost paid by FEMSA Empaques. As a consequence of a higher rate of increase in operating expenses relative to gross profit, income from operations decreased by 4.7%, to Ps. 195 million in the first quarter of 1998 from Ps. 204 million in the first quarter of 1997, and the operating margin declined to 16.0% of total revenues compared to 17.5% of total revenues in the first quarter of 1997.

FEMSA Comercio

Net Sales

FEMSA Comercio's net sales increased by 18.0% for the first quarter of 1998 to Ps. 807 million from Ps. 684 million for the first quarter of 1997. Sales growth was primarily attributable to an 8.8% increase in the total number of stores, which increased from 828 at March 31, 1997 to 901 at March 31, 1998. In the first quarter of 1998, average total store sales increased by 6.8% and average same store sales increased by 10.3%. Average monthly traffic per store increased by 12.0% in the first quarter of 1998 to 20,651 customers from 18,406 customers in the same period of 1997 and the average sale per customer decreased by 3.0% to Ps. 13.6 from Ps. 14.1 in the same period of 1997.

Gross Profit

The cost of goods sold increased by 20.0% for the first quarter of 1998 to Ps. 609 million from Ps. 507 million for the comparable period last year and FEMSA Comercio recorded gross profit of Ps. 198 million, a 12.1% gain from gross profit of Ps. 176 million in the first quarter of 1997. FEMSA Comercio's gross margin declined slightly to 24.5% of net sales in the first quarter of 1998 from 25.8% recorded in the first quarter of 1997. The gross margin compression is attributable to FEMSA Comercio's pricing strategy, which is to price high frequency items at prices similar to those found in supermarkets. The objective of this pricing strategy is to increase customer traffic and thereby increase sales.

Income from Operations

Operating expenses increased by 9.7%, reflecting the increase in total stores, higher promotional and advertising expense associated with increased geographical coverage, and greater promotional activities in existing territories. Notwithstanding the increase in operating expenses, average expenses per store have remained constant. FEMSA Comercio recorded income from operations of Ps. 17 million in the first quarter of 1998, an increase of 46.5% relative to income from operations of Ps. 11 million for the first quarter of 1997. FEMSA Comercio's operating margin increased to 2.1% in the first quarter of 1998, from 1.7% recorded in the first quarter of 1997.

Amoxxo

As of March 31, 1998, there were 24 Oxxo Express Service Centers in operation. In the first quarter ended March 31, 1998, Amoxxo had recorded net sales of Ps. 177 million compared with Ps. 28 million for the first quarter ended March 31, 1997. Amoxxo registered an operating loss of Ps. 7 million compared with an operating loss of Ps. 17 million for the first quarter last year.

FEMSA Consolidated - Net Income

Despite overall healthy growth in income from operations, FEMSA´s consolidated net income for the first quarter of 1998 declined by 74.9% to Ps. 107 million from Ps. 427 million for the first quarter of 1997, largely as a result of the expense generated by the consolidated integral result of financing and higher average tax rate.

In the first quarter of 1998, FEMSA recorded consolidated integral result of financing expense of Ps. 398 million, compared to an income of Ps. 35 million for the comparable period in 1997, primarily as a result of a significant reduction in the gain on monetary position and a significant increase in consolidated foreign exchange loss. Net financial expenses increased 8.6% to Ps. 202 million in the first quarter of 1998 from Ps. 186 million in the comparable period in 1997, as a result of a decline in interest income of 23.0% to Ps. 47 million in the first quarter of 1998 from Ps. 61 million in the first quarter of 1997. The gain on monetary position was Ps. 183 million in the first quarter of 1998, compared to Ps. 276 million in the first quarter of 1997, reflecting the decrease in the inflation rate. The devaluation of the Peso in the first quarter of 1998 was 5.8% compared with 0.3% in the first quarter of 1997, resulting in a foreign exchange loss of Ps. 379 million in the first quarter of 1998 from Ps. 55 million in the comparable period in 1997.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing expense of Ps. 136 million in the first quarter of 1998, compared to consolidated income tax, tax on assets and employee profit sharing tax expense of Ps. 150 million in the comparable period of 1997. The Company’s average tax rate for the first quarter of 1998 was higher than the average tax rate for the comparable period last year as a result of lower utilization of loss carryforwards as well as the fact that an important part of the foreign exchange loss is generated by FEMSA itself at the holding company level, which does not generate fiscal profits. As the subsidiaries of the Company continue to generate profits, and as long as the Peso does not depreciate significantly, the average tax rate of the Company will decrease.

Consolidated net majority income declined by 84.1% to Ps. 55 million for the first quarter of 1998. Net majority income was affected by the fact that FEMSA had direct U.S. Dollar-denominated debt, and the integral result of financing attributable to this debt is allocated only to majority interest.

FEMSA is the largest fully integrated beverage company in Mexico, with exports to numerous countries worldwide, including the United States, Latin America and Europe. Founded in 1890, FEMSA produces and distributes, through its subsidiary FEMSA Cerveza, 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 Latin America, produces and distributes soft drinks including Coca-Cola, Coke Light, Sprite, Fanta and Quatro. FEMSA Empaques produces beverage and food cans, glass bottles, crown caps, labels, cardboard and commercial refrigerators. FEMSA Comercio operates OXXO, México’s largest chain of convenience stores.

All of the figures in this report have been restated in constant Pesos with purchasing power as of March 31, 1998; therefore, all the percentage increases are expressed in real terms. The restatement was determined as follows:

1. *For the results generated by operations in Mexico, using factors derived from the Mexican National Consumer Price Index.*

2. *For the results generated by operations in Buenos Aires, Argentina (i) to convert the 1998 figures into Mexican Pesos, using the March 31, 1998 exchange rate of Ps. 8.513 per Argentine Peso), and (ii) for the 1997 figures, using Argentine National Consumer Price Index and converted into Mexican Pesos, using the March 31, 1998 exchange rate (Ps. 8.513 per Argentine Peso).*

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SELECTED UNAUDITED FINANCIAL INFORMATION FOR FEMSA´S OPERATING SUBSIDIARIES

For the first quarter ended March 31,:
Millions of constant pesos as of March 31, 1998

	FEMSA Cerveza	Coca-Cola FEMSA	FEMSA Empaques	FEMSA Comercio	FEMSA Consolidated
Net Sales					
1998	2,298	2,449	1,208	807	6,193
1997	2,329	2,233	1,158	684	5,637
Total Revenues					
1998	2,320	2,482	1,213	807	6,250
1997	2,346	2,265	1,168	684	5,677
Cost of Goods Sold					
1998	1,193	1,409	898	609	3,518
1997	1,406	1,273	866	507	3,268
Gross Profit					
1998	1,127	1,072	315	198	2,732
1997	940	992	302	176	2,409
Income from Operations [2]					
1998	220	255 [1]	195	17	661 [1]
1997	156	222 [1]	204	11	553 [1]
Depreciation					
1998	150	84	46	9	291
1997	136	80	47	7	272
Capital Expenditures					
1998	325	261	135	13	788
1997	196	101	172	22	544
% Gross Margin [3]					
1998	49.1	43.8	26.1	24.5	44.1
1997	40.4	44.4	26.1	25.8	42.7
% Operating Margin [4]					
1998	9.5	10.3	16.0	2.1	10.6
1997	6.6	9.8	17.5	1.7	9.8

[1] Includes goodwill amortization.
[2] After management fees paid to FEMSA. Such management fees are eliminated in consolidation.
[3] Gross margin calculated with reference to net sales.
[4] Operating margin calculated with reference to total revenues.