Leveraging what we do best

FEMSA

annual report 2010

FEMSA

FEMSA is a leading company that participates in the non-alcoholic beverage industry through Coca-Cola FEMSA, the largest independent bottler of Coca-Cola products in the world in terms of sales volume; in the retail industry through FEMSA Comercio, operating OXXO, the largest and fastest-growing chain of convenience stores in Latin America, and in the beer industry, through its ownership of the second largest equity stake in Heineken, one of the world's leading brewers with operations in over 70 countries.

Contents

sustainable value creation

Our track record of sustainable, profitable growth demonstrates our ability to leverage what we do best. Our capacity to evolve and adapt to challenging environments, to develop innovative solutions, to serve and satisfy our consumers, and to generate new avenues for growth provide us with a powerful platform for sustainable value creation—now and into the future.

Financial Highlights

Millions of 2010 pesos	2010(1)	2010	2009(2)	% Change	2008(2)	% Change
Total revenues	13,705	169,702	160,251	5.9%	133,808	19.8%
Income from operations	1,819	22,529	21,130	6.6%	17,349	21.8%
Net income from continuing operations	1,451	17,961	11,799	52.2%	7,630	54.6%
Income from the exchange shares with HKN	2,150	26,623	0	100.0%	0	0.0%
Net income from discontinuing operations	57	706	3,283	-78.5%	1,648	99.2%
Net income	3,658	45,290	15,082	200.3%	9,278	62.6%
Net controlling interest income	3,251	40,251	9,908	306.2%	6,708	47.7%
Net non-controlling interest income	407	5,039	5,174	-2.6%	2,570	101.3%
Total assets	18,056	223,578	225,906	-1.0%	198,034	14.1%
Total liabilities	5,699	70,565	110,077	-35.9%	101,139	8.8%
Stockholders' equity	12,357	153,013	115,829	32.1%	96,895	19.5%
Capital expenditures	902	11,171	9,103	22.7%	7,816	16.5%
Book value per share (3)	0.53	6.56	4.56	43.7%	3.85	18.6%
Net income per share (3)	0.18	2.25	0.55	306.2%	0.37	47.7%
Personnel		153,809	139,867	10.0%	129,289	8.2%

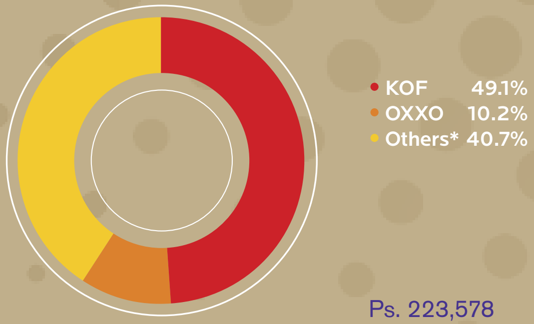
(1) U.S. dollar figures are converted from Mexican pesos using the noon-buying rate published by Federal Reserve Bank of New York, which was Ps. 12.3825 per US$1.00 as of December 31, 2010.
(2) The figures for these years were restated for comparison with the current period as a result of exchange of 100% of FEMSA Cerveza for 20% economic interest in the Heineken Group.
(3) Data in Mexican pesos based on outstanding shares of 17,891,131,350.

43.7%
growth in book value per share

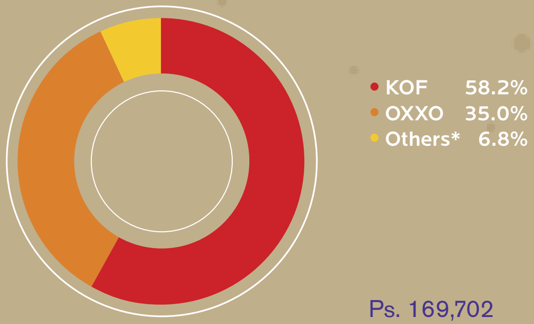
5.9%
total revenues growth during 2010

6.6%
growth in income from operations in the year

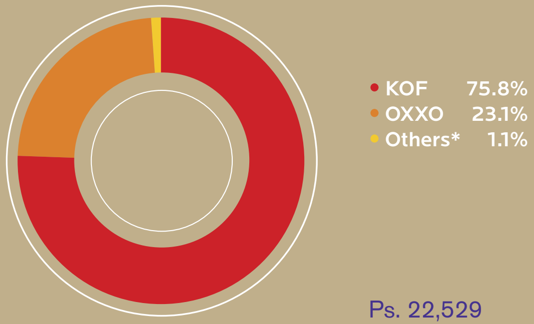
Total Assets
millions of Mexican pesos



Total Revenues
millions of Mexican pesos



Income from Operations
millions of Mexican pesos



* Includes other companies and our 20% of economic interest in Heineken

Today, we are excited about the compelling growth opportunities ahead of us. We are uniquely positioned to create significant value for our stakeholders through our investment in three fantastic brands: *Coca-Cola*, *OXXO*, and *Heineken*.

Dear Shareholder:

A Smooth Transition

At FEMSA, we are leveraging what we recognize we do best to create value for our consumers, our employees, our communities, and you—my fellow shareholders. With this in mind, I am happy to inform you that, following the exchange of our beer business for a 20 percent economic interest in Heineken, we enjoyed a great transition that proceeded smoothly, uneventfully, and according to plan. Last year, we were excited to look forward to this transaction; today, we are enthusiastic about the compelling growth opportunities before us, and about the considerable strategic and financial flexibility brought about by the successful execution of the transaction.

When closed on April 30, 2010, the agreement represented an important milestone for us: the culmination of a carefully considered process—lasting almost two years—in which we explored, developed, and analyzed alternatives for our beer business. In the context of the ongoing reconfiguration of the global beer industry and the resulting need to increase scale and geographic reach to compete effectively, this transaction addressed that imperative, transforming FEMSA's beer operations into an important part of Heineken's leading global platform. With the footprint, scale, brand-building and innovation capabilities, as well as the only truly global beer brand, Heineken is exceptionally positioned to compete and win on a global scale. In turn, with our experience, we expect to contribute significantly to Heineken's success globally and in Mexico particularly.

Despite the significant complexity of such a great multi-billion dollar transaction involving two dynamic, transnational operations, our positive working relationships with our counterparts at Heineken enabled a timely, effective, and mutually beneficial integration process. Thanks to the tremendous effort of the teams from

José Antonio Fernández Carbajal
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Leveraging our strategic and financial discipline, we are well situated to use our considerable flexibility to pursue the significant growth opportunities that we envision for our company.

both organizations, we are at the start of a new stage for FEMSA, one that fills us with optimism and enthusiasm.

Today, we are exceptionally situated to create significant value for our shareholders through our company's investment in three iconic brands: *Coca-Cola*, *OXXO*, and *Heineken*. Through our expanded relationship with Heineken, our shareholders will continue to benefit from strong growth prospects in the global brewing space, as well as improved diversification and more balanced exposure across multiple markets. Given the current global environment, we are now in a unique strategic and financial position to capitalize on the considerable flexibility unlocked by this transaction to pursue, with strategic and financial discipline, the significant growth opportunities that we envision for our company. Indeed, at the end of 2010, we had a very healthy net cash balance of more than Ps. 1.657 billion that, together with our substantial capacity for cash flow generation, allows us to focus on exploring a wide range of attractive strategic prospects.

Results, Business Highlights

In the face of very challenging macroeconomic and weather-driven dynamics, we produced solid results in 2010. For the full year, our comparable total revenues rose 5.9 percent to Ps. 169.702 billion (US$ 13.705 billion). Our comparable income from operations grew 6.6 percent to Ps. 22.529 billion (US$ 1.819 billion). Our net income from continuing operations increased 52.2 percent to Ps. 17.961 billion (US$ 1.451 billion). Our earnings per unit were Ps. 11.25 (US$ 9.08 per ADR).

Let me now briefly review some of the year's highlights for our non-alcoholic beverage and retail businesses.

In the face of a tough global commodity and consumer environment, along with unusually bad weather conditions across our

Our new value-driven commercial model enables us to serve our highly fragmented base of customers, satisfy our consumers' increasingly demanding preferences and practices, and capture the full potential of the beverage industry.

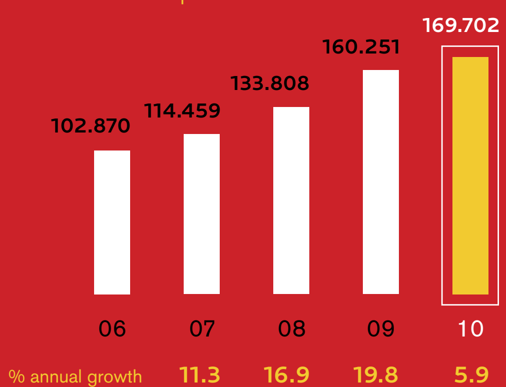
Mexico and Latincentro divisions during an important part of the year, Coca-Cola FEMSA generated positive results in 2010. For the year, our total revenues rose 0.7 percent to Ps. 103.456 billion, despite the effect of the devaluation of the Venezuelan bolivar. Our income from operations increased 7.9 percent to Ps. 17.079 billion, resulting in a 110 basis point operating margin expansion to 16.5 percent of consolidated revenues. Moreover, our majority net income grew 15.0 percent to Ps. 9.800 billion.

We embrace the responsibility of managing a growing business enterprise, recognizing the importance of operating with maximum efficiency. To this end, in 2010, we evolved from a volume-driven to a value-driven commercial model. We adapted our business not only to serve the needs of our highly fragmented retail customer base across our franchise territories, but also to satisfy our consumers' increasing demanding preferences and practices. Ultimately, our aim is to capture the full potential of the beverage industry in the nine countries in which we operate throughout Latin America. During the year, we converted the equivalent of more than 60 percent of our consolidated volumes to our new GVC (Client Value Management) commercial model. This new value-driven model enables us to improve the performance of our customers in the traditional sales channel and enhance the revenues of our company and the industry.

Product and process innovation are integral drivers of Coca-Cola FEMSA's strategic growth and development. In 2010, our new affordably priced, single-serve, entry-level 250 ml cans and PET packages, combined with the successful reintroduction of our 2 liter returnable presentation, accounted for close to 50 percent of our Brazilian operations' incremental volumes. Moreover, innovation in our non-carbonated beverage platform accounted for more than 10 percent of Coca-Cola FEMSA's consolidated incremental volumes. Furthermore, together with The Coca-Cola Company, in 2010, we initiated the rollout of a promising new venture in our Mexican operations. We started to install *Blak* brand coffee dispensing machines in the traditional sales channel. These dispensers provide our traditional store owners with an additional product line to satisfy this consumption occasion, enabling them to broaden their beverage platform, gain a new source of income, and thereby, compete better against the customary coffee offering normally found in other trade formats. Through this large-scale initiative, in under a year, we managed to roll out 5,000 *Blak* machines, and the initial results of the initiative are encouraging.

In 2010, we advanced our strategy to grow our business through value-creating acquisitions. In October, 2010, we signed a preliminary agreement to acquire Grupo Industrias Lácteas in Panama. This acquisition marks the first incursion into this sector of the Latin American beverage industry

Total Revenues
billions of Mexican pesos



for a Coca-Cola bottler. It positions our company ahead of the curve on a national scale in the milk and value-added dairy products category, one of the most dynamic segments in terms of growth, scale, and value in the global non-alcoholic beverage industry. By closing this transaction, we will also significantly reinforce our offering in Panama's juice beverage category. Specifically, we will expand our product portfolio by approximately 600 SKUs, placing us in a more favorable position to match our primary local competitor's offering in terms of category integration.

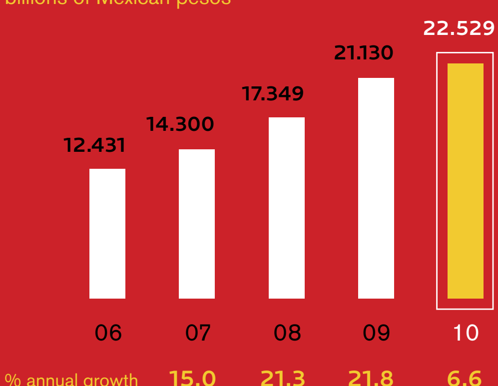
This transformational step is also an ideal opportunity for us to continue developing the necessary capabilities to manage a cold distribution system, with which we are already familiar through the logistics capabilities of OXXO. This acquisition will allow us to identify prospective synergies with Coca-Cola FEMSA's existing distribution system in Panama and to leverage the full potential of this new portfolio across our supply chain through our cooler equipment at the point of sale.

For its part, FEMSA Comercio generated solid results amid an adverse, challenging operating environment. In 2010, our total revenues rose 16.3 percent to Ps. 62.259 billion. Our gross profit grew 18.7 percent to Ps. 21.039 billion, resulting in a 70 basis point gross margin expansion to 33.8 percent of total revenues. Additionally, our income from operations increased 16.7 percent to Ps. 5.200 billion, resulting in a 10 basis point operating margin expansion to 8.4 percent of total revenues.

In reviewing our results, our top-line growth resulted from our continuing store expansion and our comparable same-store sales growth—which once again outperformed the industry. Our gain in gross margin mainly reflected our effective revenue management, our positive relationships with our key supplier partners—coupled with the more efficient use of promotion-related marketing resources—and our improved mix of higher margin products and services. In contrast, our bottom line was affected by higher operating expenses. In addition to those related to the growing number of stores, these expenses include our sizable investments in information technology related projects and deployment capabilities designed to improve our core competencies and ensure that we sustain our growth as a cutting-edge retailer.

As part of these efforts, we invest in extensive information management systems to optimize our supply chain management. Through our information technology platform and detailed processes, we manage the supply chain. As a result, we are increasingly able to

Income from Operations
billions of Mexican pesos

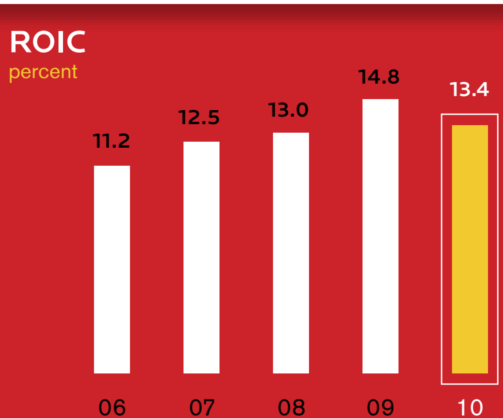


In the face of challenging macroeconomic and weather-driven dynamics, our comparable income from operations increased 6.6 percent to Ps. 22.529 billion.

improve product availability, minimize stock-outs, increase inventory turn over, and achieve high levels of service and, ultimately, meet the needs of more than 6.5 million consumers daily.

Building on OXXO's position as a convenience store chain, during 2010 we opened a record 1,092 new stores for a total of 8,426. Recognizing that it took us 20 years to reach our first 1,000 stores, this is a major landmark that not only illustrates how far we have come, but also how far we can grow. Given the relatively low penetration of the OXXO format across the vast majority of Mexico, we will continue our aggressive domestic store expansion going forward, while we test the OXXO platform beyond Mexico. With this in mind, we are not only expanding our incipient network of stores in Bogota, Colombia, but also replicating, adapting, and fine-tuning our business platform to meet Colombia's local market dynamics and consumer preferences.

A cornerstone of our success is our capability to identify and launch new stores quickly—three stores per day in Mexico—successfully, and profitably. We utilize proprietary models that enable us to pinpoint proper store locations, formats, and product categories. Using location-specific demographic data and our extensive knowledge of similar locations, these models allow us to tailor the store's layout, along with its product and service offerings, to suit the target market. Even as the number of our convenience stores climbs, we continue to improve our processes. Consequently, the success rate of our new store openings remains at an all-time high. During the year, we enhanced our value proposition to provide consumers with the quality products and services that they've come to expect from OXXO. Among our initiatives, we leveraged the popularity of Mexico's most recognized brand of hot beverages, *andatti*, by launching two tempting new flavors. In addition to our seven existing flavors, we introduced Florencia (cinnamon and vanilla flavored cappuccino) and the



new hot chocolate to further stimulate and satisfy the tastes of a growing number of OXXO patrons. We also broadened the scope of our convenient one-stop services. In December, 2010, we initiated a pilot correspondent bank program with BBVA Bancomer, Mexico's largest financial institution (in terms of customers and deposits). Through this program, customers can make cash deposits to their bank accounts and make payments toward the balance of their bank credit cards at OXXO. We look forward to establishing this program across the country with a growing number of banks in Mexico.

Social Responsibility

In addition to the development of our core businesses, we are committed to sound corporate governance practices. We comply with all applicable legal standards—including those set forth in the Mexican Securities Market Law and the relevant provisions for foreign issuers in the U.S. Sarbanes-Oxley Act—and pursue a culture of transparency, accountability, and integrity.

We are dedicated to our talented team of employees, who are the foundation for our past, present, and future success. We are committed to the personal and professional development of quality people at all levels of our organization. We offer training programs and tools to advance the capabilities of all of our people. In 2010, approximately 68,300 employees took a course through *FEMSA University*, our integrated professional development and personalized training platform. We also foster the cross-fertilization and growth of our company's shared pool of knowledge and skills through the exchange of our executives among our international operations network.

Looking Forward

Beyond benefiting from our significant participation in the growth of Heineken, the leading premium global brewer, we are extremely well positioned to concentrate our efforts on Coca-Cola FEMSA and FEMSA Comercio, where we have developed enviable market positions. We will continue to work closely with The Coca-Cola Company to pursue further consolidation opportunities for Coca-Cola FEMSA, building on our capability set and taking advantage of the business' proven track record of growth. As one of the leading bottlers in the global Coca-Cola bottling system, we also look to continue to expand our non-alcoholic beverage business, maintaining our disciplined, efficient efforts to grow both organically and through acquisitions that generate value for our stakeholders. We will further continue to emphasize and focus on the extraordinary growth potential of our OXXO convenience store chain, strengthening our business platform and further developing the capabilities that we need to operate at the forefront of the industry.

We envision an immensely rewarding future for our company, driven by our passionate team of fellow managers and employees. On behalf of these more than 150,000 dedicated men and women across FEMSA, we thank you for your continued support. The very reason for our existence is to create economic and social value for our stakeholders, including our employees, our consumers, our shareholders, and the enterprises and institutions within our society, now and into the future. •

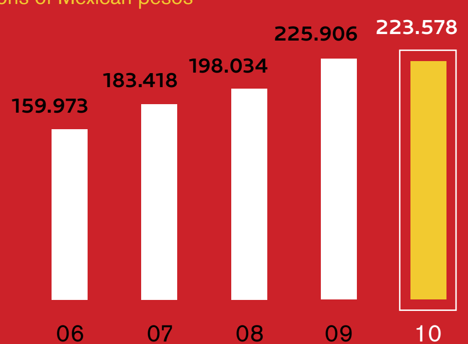
Ps.224

billion Mexican pesos
total assets in 2010

José Antonio Fernández Carbajal
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Total Assets*

billions of Mexican pesos



% annual growth 14.7 8.0 14.1 -1.0

To generate value for our stakeholders, we continue our disciplined, efficient efforts to grow organically and through acquisitions.

* Includes Coca-Cola FEMSA, FEMSA Comercio, our 20% of economic interest in Heineken and other companies

Coca-Cola FEMSA

Beyond the strength of our defensive business profile, our 2010 results demonstrated our ability to successfully stay ahead of the curve in a challenging business environment—characterized by continued economic volatility, higher sweetener costs, and unusually bad weather conditions. For the year, and despite the devaluation of the bolivar in Venezuela, our total revenues grew 0.7% to Ps. 103.456 billion, and our income from operations increased 7.9% to Ps. 17.079 billion. As a result, our operating margin expanded 110 basis points year over year to 16.5%.

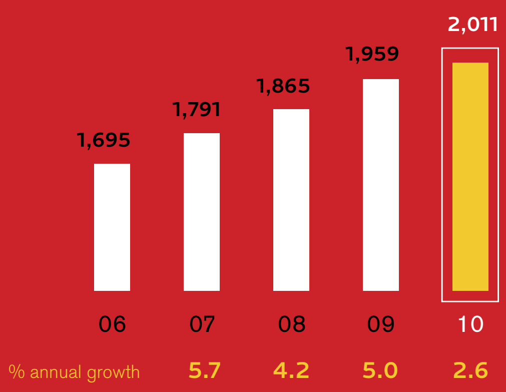
Leveraging what we do best... staying ahead of the curve

+110

basis points
operating margin expansion
year over year

Sparkling Beverage Volume

millions of unit cases*



*One unit case equals 24 8-ounce bottles.

Our information technology platform not only provides our company with a distinctive competitive advantage, but also enables us to achieve our business' full operating potential.

Achieving Our Business' Full Operating Potential

We look to manage our large, growing company with maximum operating efficiency. To this end, in 2010, we advanced from a volume-driven to a value-driven commercial model. We adapted our business not only to serve our highly fragmented customer base across our franchise territories, but also to satisfy our consumers' increasingly demanding preferences and practices. Ultimately, our aim is to capture the full potential of the beverage industry in the nine countries we serve throughout Latin America. During the year, we converted the equivalent of more than 60% of our consolidated volumes to our new GVC (Client Value Management) commercial model. This new value-driven client segmentation enables us to improve the performance of our customers in the traditional sales channel, along with the revenues of our company and the industry.

In 2011, we will continue to execute this large-scale commercial initiative, which will allow us to direct our marketing resources more efficiently and lay the cornerstone for our company's future organic growth.

We continue to invest in relevant information technology systems to achieve our business' full operating potential. This information technology platform —a distinctive competitive advantage— provides our company with the necessary tools to capitalize on the benefits of the multi-dimensional segmentation process required for the implementation of our new commercial model. In 2010, we started the rollout of our HVKOF (Homologation Version KOF) project. This project aligns our business' processes, improves our operations' flexibility, and facilitates our numerous daily transactions. We have already integrated a substantial part of our Mexican production and distribution facilities, while we continue integrating the rest of our operations under HVKOF's new SAP platform. To successfully implement this project, we have trained more than 3,600 employees in Mexico through 385 different courses.

US$ 30

million invested in a new distribution center in the Greater Buenos Aires metropolitan area of Argentina

We adapted our business to satisfy our consumers' increasingly demanding preferences and practices.

Every day, our new distribution center in Argentina will serve over 25,000 customers and deliver 150,000 unit cases of beverages.

In September 2010, we opened a new distribution center in the Greater Buenos Aires metropolitan area of Argentina, with an investment of approximately US$ 30 million. This facility utilizes automated logistics equipment, including laser-guided electric vehicles and voice activated systems, which enable its operators to set up orders without any written input. This center will consolidate the operation of two existing distribution facilities. It will serve more than 25,000 clients, deliver 150,000 unit cases of beverages, and be able to receive more than 100 trucks from our production facilities on a daily basis—a benchmark within the Coca-Cola bottling system.

We continually develop our organization's capabilities to reinvent and improve relevant business models, systems, and partnerships that we can successfully implement on a large scale, creating value for our customers, our business, and our shareholders.

Driving Growth through Innovation

Innovation is integral to our company's strategic growth and development. Therefore, in 2010, together with The Coca-Cola Company, we initiated the rollout of a promising new venture in our Mexican operations. Through this initiative, we installed *Blak* brand coffee dispensing machines in the traditional sales channel. As a result, we are providing our traditional store owners with an additional product to complement our beverage portfolio. The project is off to an auspicious start: on average, the 5,000 coffee dispensers installed in 2010 registered 75,000 transactions daily or more than 27 million cups annually. In 2011, we are on our way to extend this venture throughout our territories in Mexico, Colombia, Costa Rica, and Brazil, underscoring the dynamic potential that we envision in this category. Through such ventures, we sharpen our company's and our employees' capabilities to identify and capture new consumption occasions, secure an expanding share of our consumers' beverage preferences, and continue to consolidate our position as a multi-category benchmark in the non-alcoholic beverage industry.

Our introduction of single-serve, entry-level presentations for such brands as *Coca-Cola* and *Fanta* is an innovative way for us to capture an important consumption occasion. These reasonably priced, entry-level packs present consumers with a compelling opportunity to try our beverages for the first time, satisfy their thirst on-the-go, or simply

We continue to consolidate our position as the leading multi-category beverage player in our industry.

indulge themselves. Importantly, they also complement our returnable packaging strategy. In 2010 alone, the affordably priced 250 ml cans and PET packages, as well as the 2 liter returnable presentation launched in Brazil contributed approximately 50% of the operation's volume growth. Moreover, in Mexico, we introduced an affordable 200 ml PET contour bottle designed to replicate the success of our Brazilian entry-level pack launches. Through such innovations, we develop our capabilities to design strategies that enable our company to satisfy relevant consumption occasions profitably.

At the end of 2009, we began to reinforce our returnable package base in our Brazilian operations. With the reintroduction of the 2 liter returnable presentation for brand *Coca-Cola*, we provided consumers with a very persuasive purchasing opportunity. In an improving economic environment with upward social mobility, we have found that such an affordable option to buy our products is an important competitive tool. It enables us not only to address changing consumer preferences and purchasing patterns, but also to increase our sales and to maximize our market presence. In support of our returnable initiative in Brazil, in 2010 we completed the installation of the largest returnable bottle production line in the Coca-Cola bottling system with an investment of US$ 17 million. This new line can produce more than 300 million liters or 50 million unit cases annually. Moreover, it makes our already highly-efficient plant in Jundiaí, near São Paulo, the largest bottling facility in the world by production capacity. Our Brazilian returnable strategy contributes to the Coca-Cola system as we share our best practices with our bottling partners. Our company continues to develop innovative capabilities to manage an increasingly complex array of presentations, building a competitive advantage that is difficult to replicate.

Consistent with our commitment to provide our consumers with the right beverage at the right temperature, as

5,000

coolers installed
in only one day in Brazil

+600

SKUs will be added to our already broad portfolio in Panama

When completed, our recently signed agreement to acquire Grupo Industrias Lácteas will make us a leading producer of dairy products in Panama.

part of our new commercial model, we have made important improvements to our cooler coverage in the Brazilian market. In only one day, we set a record for cooler placement in the Coca-Cola bottling system—installing 5,000 coolers at selected client stores. This efficient cooler platform will complement our point-of-sale initiatives and reinforce our employees' capabilities to implement large-scale strategies precisely.

Growing through Value-Creating Acquisitions

To further consolidate our position as the leading multi-category beverage player in our industry, in October 2010, we signed a preliminary agreement to acquire Grupo Industrias Lácteas in Panama. With a national footprint, this company is a leading manufacturer and distributor of dairy products and non-carbonated beverages in that market. Since this company produces the leading brand in the juice sector, this transaction will position Coca-Cola FEMSA as the top juice maker in Panama. Overnight, we will add approximately 600 SKUs to our already broad portfolio, placing us in a more favorable position to match our primary local competitor's offering in terms of category integration. Assuming this transaction is approved and completed successfully, this business will become part of the non-carbonated beverage platform that we share with our partner, The Coca-Cola Company.

This acquisition will also provide an excellent opportunity for our employees to

develop the capabilities to manage a true multi-category beverage portfolio. They will learn to market, sell, and distribute dairy and value-added products—one of the most dynamic segments in terms of growth, scale, and value in the worldwide non-alcoholic beverage market. Moreover, the resulting acquisition of a cold distribution system will allow us to identify prospective synergies with our existing distribution system and to leverage the full potential of this portfolio across our supply chain through our cooler equipment at the point of sale.

Furthermore, in October 2010, we completed a transaction with a Brazilian subsidiary of The Coca-Cola Company to produce, sell, and distribute *Matte Leão* brand tea products. This transaction will reinforce our company's non-carbonated product offering under the joint venture platform we share with our partner, The Coca-Cola Company, and the rest of the Brazilian Coca-Cola bottling system. The integration of this extensive line of tea products not only complements our existing offering of non-carbonated beverages, but it enables us to participate significantly in a very important beverage category in the region—extending our avenues for growth in the Brazilian beverage industry. This line of more than 40 ready-to-drink SKUs supported this category's important growth since its full incorporation to our portfolio.

As we continue to analyze the opportunities in the beverage industry, we will maintain our disciplined, efficient efforts to grow our business both organically and through acquisitions that create value for our stakeholders, enabling us to stay ahead of the curve. •

Our integration of *Matte Leão* ready-to-drink tea products extends our avenues for growth in the Brazilian beverage industry.

FEMSA Comercio

FEMSA Comercio again produced an excellent set of results. Total revenues rose 16.3% to Ps. 62.259 billion. Our revenue growth came from our continued store expansion and our comparable same-store sales growth—driven by an increase in store traffic as well as a moderate improvement in average customer ticket. For the year, our same-store sales growth was best-in-class in Mexico, strengthening our position as an industry benchmark.

Leveraging what we do best... dynamic expansion

10.7%

gross profit growth year over year


OXXO
andatti
café
siempre rico, sólo en OXXO
andatti
Moka
TECATE

Our capability to identify and launch new stores quickly, effectively, and profitably is a key to our success. Opening three stores per day, we reached a total of 8,426 OXXO stores in 2010.

Gross profit grew 18.7% to Ps. 21.0 billion, resulting in a 70 basis point gross margin expansion to reach 33.8% of total revenues. Our gain in gross margin largely reflected our effective revenue management, our positive collaboration with our key supplier partners, and our improved mix of higher margin products and services.

Income from operations increased 16.7% to Ps. 5.200 billion. This figure reflects our growing number of stores, higher operating expenses from such items as higher utility tariffs at the store level; the strengthening of FEMSA Comercio's organizational structure, primarily investments in information technology-related projects, and deployment capabilities that were deferred in 2009 due to our cautious consumer outlook at the beginning of that year; and one-time expenses related to natural disasters that occurred during 2010. As a result, operating margin remained in line with the previous year.

Positive Strategic Growth

Building on our position as a convenience store chain, in 2010, OXXO opened a record 1,092 new stores to reach a total of 8,426 stores. We also made progress in Colombia, where we continue to learn and adapt our business platform to meet local market dynamics. For example, we are fine tuning our value proposition—adding the capability to offer such products as freshly baked bread, gourmet coffee, and a variety of fast food offerings—to satisfy local consumer needs. As we advance in our understanding of this key new market, we are also growing our network of stores in Bogota, from five at the end of 2009 to 17 at the end of 2010.

A key to our success in our core Mexican market is our capability to identify and launch new stores quickly—three stores per day—successfully, and profitably. To this end, our proprietary models help us to identify appropriate store locations, store formats, and product categories. These models use location-specific demographic data and our knowledge of similar locations to tailor the store's layout, as well as its product and service offerings, to suit the target market. Even as the number of our convenience stores continues to climb, we keep honing our processes. Consequently, the success rate of our new store openings remains at an all-time high.

1,092

new stores opened in 2010

always ready, always there

We also continue to refine the market segmentation and differentiation of our store formats to more effectively serve the needs of our consumers. Based on our consumer intelligence, we developed the framework for three main types of stores, segmented by the predominant consumption occasions that attract our customers to our stores and differentiated by their layout and product mix. Therefore, these stores are particularly designed to serve consumer populations whose needs skew towards indulgence consumption, home replenishment, or base/multi-purpose.

Efficient Supply Chain Management

We continually improve our core competencies and capabilities to advance our operating performance. As part of these efforts, we invest in information management systems to optimize our supply chain management.

We use our information technology platform, and detailed processes to manage the supply chain. Through our demand planning system, we replenish our stores with the items they need to satisfy our consumers. Together, these systems and processes will continue to improve product availability, minimize stock-outs, increase inventory turnover, and achieve high levels of service.

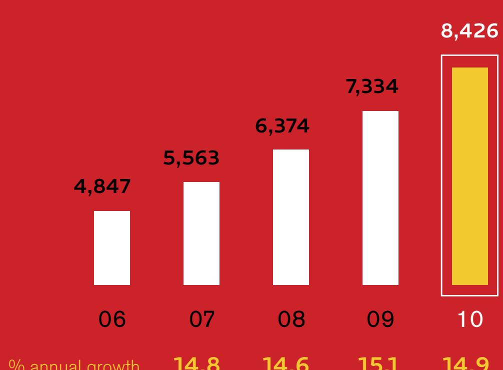
Furthermore, our 11 distribution centers increasingly use the information generated by our demand planning system to design and execute the logistics required to provide successful, on-time delivery of products for sale at our stores. Each center serves an average of 765 stores, replenishing the inventory of more than 2,000 products at least twice a week through a distribution network synchronized with our warehouse operations to ensure the proper transportation and care of the product. We ensure the quality of store orders and inventory control at every stage of the distribution process. As OXXO grows, we will continually evolve our supply chain to efficiently manage the increasing size and complexity of our growing array of offerings.

Enhanced Value Proposition

We continually enhance our value proposition to enable our stores to provide consumers with the consistent quality products and services that they've come to expect from OXXO. Among our product initiatives, we launched two new flavors of Mexico's most recognized brand of hot beverages. In addition to the seven existing flavors of our proprietary ***andatti*** brand, we introduced Florencia (cinnamon and vanilla flavored cappuccino) and the new hot chocolate to stimulate and satisfy the tastes of a growing number of OXXO patrons. We also continue with our home replenishment strategy offering, which includes an extensive range of pantry staples—such as beans, rice, cooking oil, canned goods, among others—at highly competitive prices to appeal to a broader array of consumers, especially housewives and those with on-the-go consumption patterns.

Beyond our expanding mix of products, we continue to broaden the scope of our existing convenient one-stop services —from certain mortgage, micro-lender, and utility payments to purchases of airline tickets and electronic airtime recharges, to the payment for purchases made through leading online retailers and auction sites. In this way, we enable our consumers to accomplish a number

OXXO Stores
units



As OXXO grows, we continually improve our core competencies and capabilities to manage the increasing size and complexity of our business.

of necessary tasks at a single, nearby location that is usually open 24/7. For example, in Monterrey and the surrounding state of Nuevo León, we now offer OXXO shoppers the ability to purchase and replenish *Feria*, an electronic contactless smart card that enables them to travel almost effortlessly on the public transit system. Moreover, in December 2010, we initiated a pilot correspondent bank program with BBVA Bancomer, Mexico's largest financial institution (in terms of customers and deposits). Through this program, customers will be able to make cash deposits to their bank accounts and make payments toward the balance of their bank credit cards at OXXO. We look forward to establishing this program across the country with a growing number of banks in Mexico.

By efficiently serving and satisfying their daily needs, OXXO is increasingly a part of the lives of consumers across Mexico. The number of transactions carried out at OXXO—more than 6.5 million a day and more than 2.3 billion a year—means that the chain continues to secure its position as the preeminent choice for consumer interface in Mexico. This increases its attractiveness for potential service-provider partners who seek a network of outlets that bring them in contact with the Mexican consumer at a regional or national level. Indeed, today OXXO enjoys relationships with more than 400 companies in the services category.

At the end of the day, OXXO's growing ubiquity and continually improving value proposition mean that we increasingly reinforce our motto: ***always ready, always there.*** •

+6.5 million

transactions a day and more than 2.3 billion a year at OXXO

Social Responsibility

At FEMSA, our goal is to operate as a sustainable company, consistently working in a socially responsible manner. We continually question and analyze our performance, identify ways in which we can create value for everyone involved in our actions, and communicate honestly with our stakeholders.

Leveraging what we do best... sustainable development

120 years

upholding a work ethic of simultaneously creating economic and social value

To further the sustainability of our company, we work to create conditions that enable us to grow, excel, and prevail as an organization.

The result of years of evolution—and many lessons learned—our corporate social responsibility strategy recognizes that we must identify and address both internal and external factors. To that end, our corporate social responsibility performance is driven by:

- Our corporate DNA, the result of a 120-year, value-based work ethic.
- The management of short- and long-term risks, while leveraging initiatives that benefit our company and the communities where we operate.

With this in mind, in 2010, we began to develop a strategic corporate social responsibility agenda for each of our core businesses that ensures the consideration of the material issues of our industries. Furthermore, we worked on the creation of Key Performance Indicators to assure that our corporate social responsibility programs are aligned with our vision and business strategies, as well as with their management and measuring processes. Ultimately, these two tools will allow us to evaluate and measure our sustainability performance and improve the quality of information required to make decisions.

At Coca-Cola FEMSA, we focused on fortifying the Environmental Management Plan, which serves as a tool to ensure that the business' corporate social responsibility initiatives are objectively measured, evaluated, and aligned with the business' strategy.

Our commitment to be a socially responsible company is the result of 120 years of evolution—and numerous lessons learned.

With the goal of being a good neighbor, OXXO developed a platform that enables the company to focus its corporate social responsibility programs on reforestation, environmental education, recycling, the rehabilitation of public spaces, and the promotion of health and sports.

To ensure that we allocate our efforts and resources to those areas in which we have the knowledge and expertise to achieve the maximum benefit for everyone involved, our programs remain focused on our four core areas of social responsibility: Quality of Life in the Company, Health and Wellness, Community Engagement, and Environmental Care.

To keep our stakeholders abreast of our sustainability performance, we have produced reports since 2005. For the third consecutive year, we followed the Global Reporting Initiative Guidelines (GRI G3) to produce our 2010 Sustainability Report. Verified by the consulting firm KPMG Mexico, our report achieved an application level of **A+**, the highest level available. Herein, we share some of the most relevant actions taken during the year, and welcome you to read our full 2010 Sustainability Report on our website at:
http://www.femsa.com/en/social/

Quality of Life in the Company
Since our foundation, we have promoted the achievement of a balanced lifestyle among our employees and their families. To this end, we have established a Social Development Strategy comprised of seven elements present in a well-balanced individual: values, social, family, health, economics, work, and education. Bearing this in mind, we have developed a

75%

less energy consumption with Imbera's coolers, compared to those produced in the year 2000

A+

level achieved by our 2010 Sustainability Report, according to the GRI Guidelines

variety of programs that address these elements.

- From a portfolio of more than 1,494 online and on-site educational activities, more than 68,300 employees took a class through *FEMSA University* in 2010.
- US$ 18.4 million was invested in training and educational programs.
- FEMSA conducted several pilot programs, using home-office and part-time formats.
- Through the *Inclusive Workplace System,* 1,610 people with disabilities, senior citizens, and other vulnerable groups were employed at all organizational levels.
- The Mexican Center for Philanthropy (CEMEFI) recognized the results OXXO achieved in relation to an inclusive workplace with the 2010 Best Practice in Corporate Social Responsibility Award.

Health and Wellness

At FEMSA, we assume an active role in the creation of a culture of health and wellness—today the promotion of healthy life-styles is part of our corporate identity. Recognizing that a healthy community is best suited to achieve economic and social development, we support programs that cultivate a wholesome work environment and vigorous communities.

- FEMSA invested US$ 24.7 million in Occupational Safety and Health programs.
- Through *Charting My Own Destiny* program, more than 64,700 students from five Mexican states and Brazil developed the skills they need to make responsible decisions in their lives.
- Through our *Let's Play* initiative, more than 8,800 children from marginalized communities in Venezuela participated in baseball clinics.
- 351,000 people benefited from programs that promote sports and the adoption of healthy lifestyles.

Community Engagement

As part of a community, we promote initiatives that improve the quality of life of our stakeholders, and we seek to establish win-win relationships. Since our foundation 120 years ago, we have recognized that education is the engine for both personal and community development. This is why we especially support educational programs.

- 931,000 people benefited from our community engagement programs.
- Through eight *Community Learning Centers* in Colombia, Coca-Cola FEMSA, the Tecnológico de Monterrey, and other partners provided formal and technical education to underprivileged communities, promoting the reconciliation and development of communities that have been particularly affected by violence.
- OXXO's *Rounding-Up* program collected US$ 6.4 million from its customers for the benefit of 190 charitable institutions across Mexico.
- FEMSA invested US$ 10.8 million in educational, cultural, and economic development programs.

Environmental Care

Our environmental strategy is based on three pillars: achieve water neutrality by improving the efficient use of water and aquifer replenishment; introduce materials from

We offer an array of programs and services to enable our employees and their families to enjoy a balanced lifestyle.

17,000

people in Nicaragua and Colombia now have access to water through FEMSA Foundation's *Safe Water Initiative*

renewable sources, increase recycling, and reduce waste; and climate change mitigation by enhancing energy efficiency and using renewable sources of energy.

This year, FEMSA made the commitment that, by 2013, all of its businesses in Mexico will satisfy 85% of their energy needs with wind power.

- Coca-Cola FEMSA positioned itself among the leaders of the Coca-Cola bottling system in the efficient use of water, achieving the benchmark of 1.26 liters of water per liter of beverage produced at its Toluca plant in May, 2010.
- Together with Coca-Cola de México, from 2007 to 2010, we have planted more than 12 million trees in Mexico.
- Coca-Cola FEMSA introduced the **PlantBottle™**; 30% of the materials for this bottle come from renewable sources, and its carbon footprint is 15% lower than conventional PET bottles.
- 70% of OXXO stores have implemented the *Intelligent Store System*, reducing their energy consumption 12% by ensuring the optimal use of refrigeration, interior and exterior lighting, and air conditioning. This initiative saved 110,200 gigajoules of energy.

FEMSA Foundation

Established in November, 2008, the mission of FEMSA Foundation is to generate long-term social value in Latin American communities by supporting projects designed to achieve benefits that help improve the quality of life of present and future generations.

FEMSA Foundation supports initiatives in two strategic areas: Sustainable Development, which focuses on the access to, sustainable use and conservation of water; and Quality of Life, which focuses on improving nutrition and health. The Foundation invests in proposals that produce valuable, measurable, strategic, environmental, and/or social impacts on the people of Latin America. It also aims to generate long-term benefits, which may be replicated in other communities. To maximize the impact of its work, the Foundation seeks to join its efforts and resources with like-minded strategic partners.

In 2010, FEMSA Foundation extended its presence beyond Mexico, benefiting people in Central and South America. In the area of Sustainable Development, the *Safe Water Initiative* is providing access to water for 17,000 people in Nicaragua and Colombia. Through its use of sustainable technology and its work with civil society organizations, local communities, governments, and water providers, this initiative raises people's expectations for development, improving health and productivity, while decreasing the rate of school dropouts.

In September 2010, FEMSA Foundation presented and put into operation the *Come for Water* project, the first water purification vehicle for disaster response. This mobile unit is tailored to the specific needs of the Mexican population, which is highly vulnerable to natural disasters. With support and advice from the Civil Protection Department of the State of Nuevo León, the Foundation designed this vehicle, which provides affected communities of Mexico with 43,000 liters of drinking water—the equivalent of 71,000 20-ounce bottles—and 730 kilograms of ice daily. After the onslaught of hurricane Matthew, the unit's first intervention was in Veracruz, where it distributed almost 80,000 liters of drinking water to over 5,000 people.

In 2010, the Foundation undertook a number of other Sustainable Development projects. Among them, it worked jointly with Pronatura to install 15 hectares of closed ponds and 30 hectares of contour leveled ditches in the Cumbres de Monterrey National Park. Together with Fund for Peace, it constructed 263 rain-water-harvesting systems in the communities of Huasteca Potosina. Through its collaboration with the Ayú Foundation, 241 families from the Mixtec region of Oaxaca received access to drinking water. Moreover, the Foundation continues to invest in the Green Technologies project in the State of Mexico for the conservation of the Amanalco-Valle de Bravo watershed, introducing economical and alternative technologies that generate savings and support sustainable water use in the community.

In the area of Quality of Life, FEMSA Foundation, in collaboration with the National Institute of Medical Sciences and Nutrition Salvador Zubirán, established the Chair in Nutrigenomics at the Tecnológico de Monterrey's Biotechnology Center. The Chair will pursue scientific research in three areas: evaluation of the effect of diet's interaction with genes-health; engineering and processing of functional foods; and genetic design and production of novel, agronomically fortified foods. For more information about FEMSA Foundation, including its projects and initiatives, please visit: **www.femsafoundation.org.**

FEMSA Operating Overview

Coca-Cola FEMSA Brands: *Alpina • Aquarius • Bebere • Black Fire • Blak • Brisa • Burn • Canada Dry • Carioca • Cepita • Chinotto • Ciel • Coca-Cola • Coca-Cola Light • Coca-Cola Zero • Crush • Crystal • Dasani • Del Valle • Delaware Punch • Epika • Fanta • Fanta Zero • Fresca • Freskolita • Fruitopia • Frutsi • Glaceau Vitamin Water • Gladiator • Guarapan • Hi-C • Hit • Hugo • I9 • Ju-C • Kin • Kist • Kuat • Kuat Zero • Lift • Manantial • Matte Leão • Mundet • Nestea • Nevada • Polar • Powerade • Premio Prisco • Quatro • Quatro Liviana • Roman • Sangria Mundet • Schweppes • Seagrams • Senzao • Shangri-la • Sidral Mundet • Simba • Soda Clausen • Soda Kin • Sonfil • Sprite • Sprite Zero • Squirt • SunFrut • Super Malta • Tai • Vallefrut • Zero •* OXXO Brand: *andatti •*

Country	Mexico	Mercosur		Latincentro			Mexico & Colombia
		Argentina	Brazil	Guatemala Nicaragua Costa Rica Panama	Colombia	Venezuela	
Company	Coca-Cola FEMSA						FEMSA Comercio
FEMSA Ownership %	53.7 [1]						100
Sales Volume	1,242 [2]	189 [2]	476 [2]	137 [2]	244 [2]	211 [2]	_
Revenues [3]	38,782	33,360		31,314			62,259
Income from Operations [3]	6,605	5,008		5,466			5,200
Plants / Stores	9	2	4	5	6	4	8,426
Distribution Facilities	83	5	27	25	32	32	11
Distribution Routes [4]	4,008	302	1,996	550	1,136	1,052	_
Brands [5]	35	32	35	31	20	11	1
Clients	621,053	77,502	191,847	104,275	370,112	211,568	6.5 [6]
Headcount [7]	68,449						73,101

Note: Only includes core business information.

1 The remaining 31.6% and 14.7%, are owned by The Coca-Cola Company and the investing public, respectively.
2 Millions of unit cases (case equivalent to 24 8-ounce bottles).
3 Expressed in millions of Mexican pesos (Ps).
4 Includes third-party distributors.
5 Includes brand extensions.
6 Millions of clients per day based on the number of daily transactions.
7 Includes third-party and centralized services headcount.

OXXO strategic growth > We opened a record 1,092 new stores to reach a total of 8,426 stores. We are also growing our network of stores in Bogota, from five in 2009 to 17 at 2010.

***andatti* hot beverages >** In addition to the seven existing flavors of our propietary *andatti* brand, we introduced Florencia and the new hot chocolate to stimulate and satisfy the taste of a growing number of OXXO patrons.

New distribution center in Argentina > It will serve more than 25,000 clients, deliver 150,000 unit cases of beverages, and be able to receive more than 100 trucks from our production facilities on a daily basis

Water savings > Over 15 billion liters of water saved in the last six years across our Latin American plants which is equivalent to the average annual water consumption of 43,000 families of five members

+150 thousand employees in Latin America

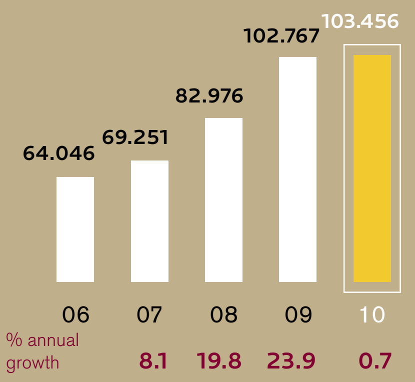
***Matte Leão* transaction >** The integration of this extensive line of ready-to-drink tea products, complements our existing offering of non-carbonated beverages in Brazil.

Business Units Highlights

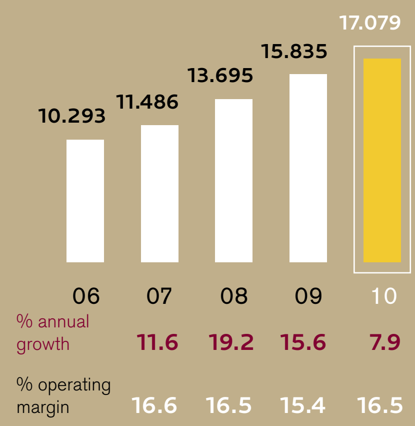
Coca-Cola FEMSA

Amid an extremely challenging economic and consumer environment, Coca-Cola FEMSA generated strong top- and bottom-line results for the year. In 2010, total revenues grew 0.7 percent to Ps. 103.5 billion, and income from operations increased 7.9 percent to Ps. 17.1 billion.

Total Revenues
billions of Mexican pesos



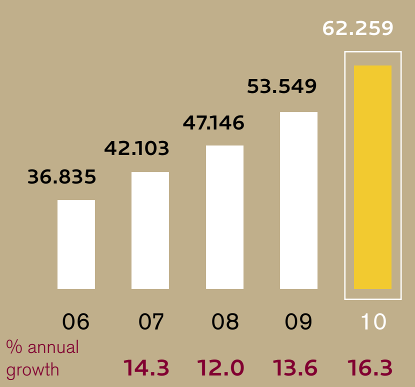
Income from Operations
billions of Mexican pesos



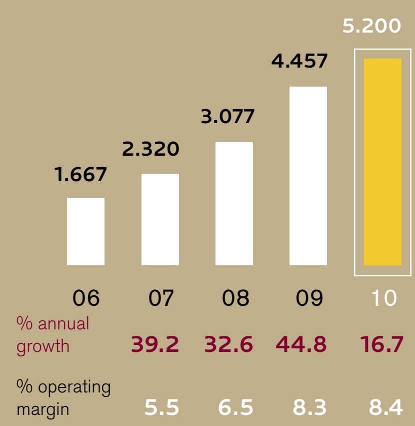
FEMSA Comercio

FEMSA Comercio posted another good year in the face of strong economic headwinds. In 2010, total revenues increased 16.3 percent to Ps. 62.3 billion, and income from operations surged 16.7 percent to Ps. 5.2 billion—resulting in a record operating margin of 8.4 percent.

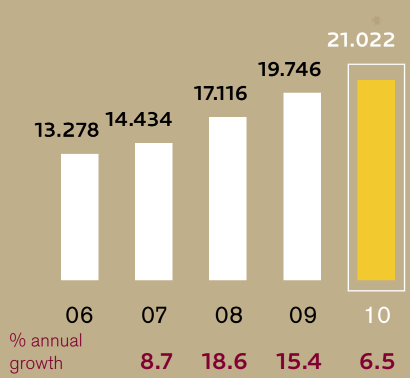
Total Revenues
billions of Mexican pesos



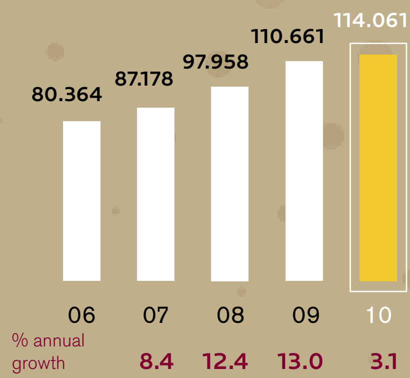
Income from Operations
billions of Mexican pesos



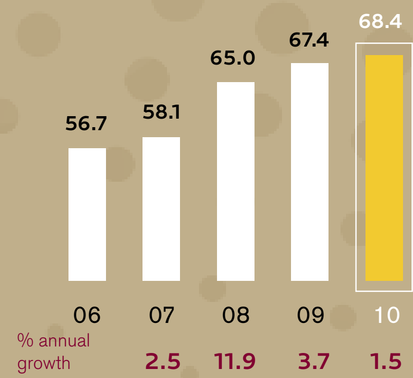
EBITDA*
billions of Mexican pesos



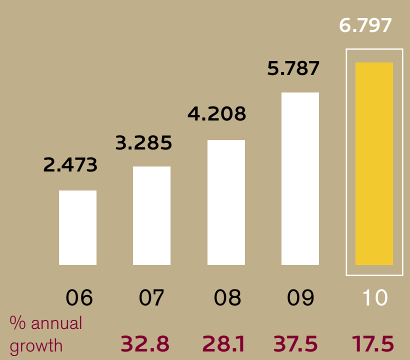
Total Assets
billions of Mexican pesos



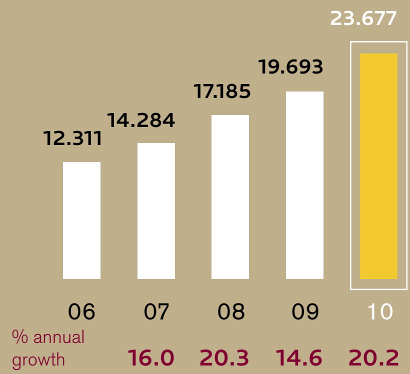
Headcount
thousands



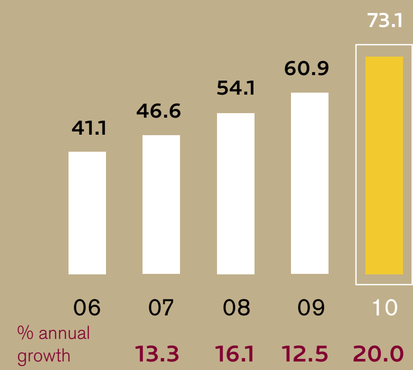
EBITDA*
billions of Mexican pesos



Total Assets
billions of Mexican pesos



Headcount
thousands



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

Executive Team

Our deep bench of talented executives leads our unwavering pursuit of excellence as an international industry leader. Our team continues to extend our strong track record of sustainable, profitable growth—creating value year after year. Together, they leverage what we do best to increase our corporate and financial flexibility, to take advantage of strategic opportunities, and to achieve a superior competitive position in our industry. In the process, they ensure and instill FEMSA's legacy of integrity well into the future.

José Antonio Fernández Carbajal
Chairman of the Board and Chief Executive Officer of FEMSA
Mr. Fernández is currently the Chairman and CEO of FEMSA. José Antonio Fernández Carbajal was named CEO of FEMSA in January 1995 and has served as Chairman of the Board of FEMSA since 2001. On May 2010, he was also named Vice-Chairman of the Board of Heineken Holding and Chairman of the Americas Committee of Heineken, created to oversee the strategic direction of the business opportunities in that region. 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 FEMSA Cerveza. Mr. Fernández Carbajal is also Chairman of the Board of Coca-Cola FEMSA, Vice-Chairman of the Board of Tecnológico de Monterrey, Chairman of the Board of FEMSA's Foundation, the U.S. Mexico Foundation, and participates on Boards of Grupo Financiero BBVA Bancomer, Grupo Industrial Bimbo, Xignux, Industrias Peñoles, Aerolíneas Volaris, Grupo Televisa among others. He co-directs the Chapter Mexico of the Woodrow Wilson Center as President, and starting 20 years ago, he has been a professor of the course of Planning Systems in the Industrial and Systems Engineering degree in Tecnológico de Monterrey, at campus Monterrey. 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 Astaburuaga Sanjines
Chief Financial Officer and Vice-President of Strategic Development
Javier Astaburuaga joined FEMSA in 1982. In 2006, he was named FEMSA's CFO and Vice-President of Strategic Development. Prior to that, Mr. Astaburuaga Sanjines served as co-CEO of FEMSA Cerveza, Vice-President of Sales for Northern Mexico, CFO of FEMSA Cerveza, Vice-President of Corporate Development for 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 IPADE.

José González Ornelas
Vice-President of Administration and Corporate 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 Logística. 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 Fútbol Monterrey board. He holds a Bachelor's degree in Accounting from 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 Industrial Relations from Universidad Iberoamericana.

Carlos Salazar Lomelín
Chief Executive Officer of Coca-Cola FEMSA
Carlos Salazar joined FEMSA in 1973 and he has held several senior management positions across FEMSA, including: Vice-President of Grafo Regia, Plásticos Técnicos Mexicanos S.A., the International Division of FEMSA Cerveza, Commercial Planning in Grupo Visa, and CEO of FEMSA Cerveza. Since 2000, he was appointed CEO of Coca-Cola FEMSA. In 2010, he was awarded with the medal of Distinguished Citizen by the state of Nuevo León. He was President of the Comisión Siglo XXI in Monterrey and Executive Director of CINTERMEX. He has been a professor in economics for a number of years at the Tecnológico de Monterrey and he is the current President of the Advisory Board of the EGADE Business School of this Institution. He holds a B.A. in Economics and a Master in Business Administration from this institution. He also has graduate studies in Economic Development in Italy and a Management Program from the IPADE in Mexico, among other studies in different countries.

Eduardo Padilla Silva
Chief Executive Officer of FEMSA Comercio
Eduardo Padilla joined FEMSA in 1997 as FEMSA's Director of Strategic Planning and Corporate Control. In 2000 he was named CEO of FEMSA Strategic Businesses—which include Packaging, Logistics and OXXO. Since 2004, he has focused as CEO of FEMSA Comercio. Before joining FEMSA, Mr. Padilla served as CEO of Terza, a subsidiary of Grupo ALFA, from 1987 to 1996. Mr. Padilla earned a Bachelor's degree in Mechanical and Administrative Engineering from Tecnológico de Monterrey and a Master's degree in Business Administration from Cornell University. He also has completed Graduate studies at IPADE.

Governance Standards

For more than a century, the FEMSA Board of Directors has guided our company's dynamic growth in accordance with the highest standards of corporate governance. We are committed to the quality of our disclosure practices, and adhere to best corporate governance practices. We comply with the standards set forth in the Mexican Securities Law and the pertinent provisions of the United States' Sarbanes-Oxley Act. Moreover, we were among the leaders to embrace the Code of Best Corporate Governance Practices, established by the Mexican Entrepreneurial Council.

We work to ensure that our company promotes financial transparency, accountability, and high ethical standards. Based on a sound foundation of responsible corporate governance, we can sustainably build our business—delivering the results that our shareholders, consumers, employees, and other stakeholders expect from FEMSA.

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 consultant 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 a financial expert, José Manuel Canal Hernando, Francisco Zambrano Rodríguez, and Alfonso González Migoya—all of them independent directors. The Secretary of the Audit Committee is José González Ornelas, head of FEMSA's internal audit department.

Corporate Practices Committee

The Corporate Practices Committee, which is comprised of independent directors, is responsible for preventing and/or reducing the risk of performing operations that could damage FEMSA's value or that benefit a particular group of shareholders. The Corporate Practices Committee (1) may call a shareholders' meeting and include such matters as it may deem appropriate for that meeting's agenda, (2) approve policies on the use of the company's assets or related party transactions, (3) approve the Chief Executive Officer's and relevant officers' compensation, 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.

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 Sanjines, FEMSA's Chief Financial Officer.

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

Board of Directors

Our Board of Directors is at the head of FEMSA's corporate governance system, guided by what is in the best long-term interests of our company's shareholders and other stakeholders. Our Board is responsible for approving our corporate strategy; advising management on significant issues; defining and overseeing the implementation of our key values and vision; and reviewing and approving related-party transactions and transactions not in the ordinary course of business.

In addition to our executive team, our Board of Directors is supported by its committees: the Audit Committee, the Finance Committee, and the Corporate Governance Committee. Our Board appoints and supervises these committees, which assist and make recommendations to our Board in their respective areas of responsibility.

Series "B" Directors

José Antonio Fernández Carbajal
Chairman of the Board and Chief Executive Officer of Fomento Económico Mexicano, S.A.B. de C.V.
Elected 1984
Alternate: Federico Reyes García [c]

Eva Garza Lagüera Gonda
Private Investor
Elected 1999
Alternate: Paulina Garza Lagüera Gonda

Bárbara Garza Lagüera Gonda
Private Investor
Elected 2002
Alternate: Enrique F. Senior Hernández

José Fernando Calderón Rojas
Chairman of the Board and Chief Executive Officer of Franca Servicios, S.A. de C.V., Servicios Administrativos de Monterrey, S.A de C.V., Regio Franca, 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 Asociación Nacional Pro-Superación Personal, A.C. (ANSPAC)
Non-Profit Organization
Elected 1995
Alternate: Alfonso Garza Garza [c]

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

Alberto Bailleres
Chairman of the Board of Grupo Bal S.A. de C.V., Industrias Peñoles, S.A.B. de C. V, Fresnillo plc, Grupo Palacio de Hierro, S.A.B. de C.V., Grupo Profuturo, S.A.B. de C.V., Instituto Tecnológico Autónomo de México and Director at Valores Mexicanos Casa de Bolsa, S.A. de C.V.
Mining and Metallurgic Industry
Insurance Company
Department Store Chain
Brokerage Firm
Elected 1995
Alternate: Arturo Fernández Pérez

Francisco Javier Fernández [c]
Private Business Consultant and Private Investor
Elected 2005
Alternate: Javier Astaburuaga Sanjines [c]

Ricardo Guajardo Touché [c]
Former Chairman of the Board of BBVA Bancomer
Financial Institution
Elected 1988
Alternate: Othón Páez Garza

Carlos Salguero [b1]
Chairman of the Board of Salguero Holdings BVI and Salguero Hotels Chile; and partner at Salguero Hotels AR
Elected 1995
Alternate: Alfonso González Migoya [a1]

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 Company
Elected 1995
Alternate: Juan Guichard Michel

Mariana Garza Lagüera Gonda
Private Investor
Elected 2005
Alternate: Carlos Salazar Lomelín

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

Series "D" Directors

Armando Garza Sada
Chairman of the Board of Grupo Alfa, S.A.B de C.V.
Elected 2006
Alternate: Eduardo Padilla Silva

Alexis E. Rovzar de la Torre [a1]
Executive Partner of White & Case, S.C.
Law Firm
Elected 1989
Alternate: Francisco Zambrano Rodrígueza [a1]

Helmut Paul [b1]
Owner of H. Paul & Company LLC
Corporate Finance Consulting Firm
Elected 1988
Alternate: Michael Larson [1]

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

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

Secretary
Carlos Eduardo Aldrete Ancira

Alternate Secretary
Arnulfo Treviño Garza

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

Relation:
1) Independent

Contact Information

Investor Relations
Juan Fonseca
Maximilian Zimmermann
Phone: (52) 81 8328-6167
Fax: (52) 81 8328-6080
e-mail: investor@femsa.com.mx

Corporate Communication
Carolina Alvear
Erika De la Peña
Phone: (52) 81 8328-6046
Fax: (52) 81 8328-6117
e-mail: comunicacion@femsa.com

For more Information, visit us at:
www.femsa.com
www.femsa.com/investor

DESIGN: www.signi.com.mx

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FEMSA

FMX LISTED NYSE

General Counsel
Carlos E. Aldrete
General Anaya No. 601 Pte.
Colonia Bella Vista
Monterrey, Nuevo León
México, C.P. 64410
Phone: (52) 81 8328-6180

Independent Accountant
Mancera, S.C.
Member practice of Ernst & Young Global
Av. Lázaro Cárdenas No. 2321 Pte. Piso 5
Col. Residencial San Agustín
San Pedro Garza García, Nuevo León
México, C.P. 66260
Phone: (52) 81 8152-1800

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.

Depositary Bank and Registrar
The Bank of New York Mellon
BNY Mellon Shareowner Services
P.O. Box 358516
Pittsburgh, PA 15252-8516
Toll Free Number for Domestic Calls:
1 (888) BNY-ADRS
(269-2377)
International Callers: 201-680-6825
e-mail: shrrelations@bnymellon.com
Website: www.bnymellon.com/shareowner

The FEMSA 2010 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.

FEMSA
annual report 2010

General Anaya No. 601 Pte.
Col. Bella Vista
Monterrey, Nuevo León
México, C.P. 64410

www.femsa.com
investor@femsa.com.mx

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