FOR IMMEDIATE RELEASE

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FEMSA Announces Unaudited Financial Results for First Quarter ended March 31, 1999

Monterrey, Mexico (April 28, 1999) — Set forth below is certain unaudited financial information for Fomento Económico Mexicano, S.A. de C.V. ("FEMSA" or the "Company", formerly Valores Industriales, S.A) (NYSE: FMX) for the first quarter ended March 31, 1999, compared to March 31, 1998. FEMSA is a holding company, whose principal activities are grouped under the following six 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; 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; and FEMSA Logística, S.A. de C.V.("FEMSA Logística"), which provides logistics and transportation services to FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Empaques.

All of the figures in this report have been restated in constant Mexican Pesos ("Peso" or "Ps.") with purchasing power as of March 31, 1999 and were prepared in accordance with Mexican generally accepted accounting principles ("Mexican GAAP").; therefore, all the percentage changes are expressed in real terms. The restatement was determined as follows:

— For the results of the Mexican operations, using factors derived from the Mexican National Consumer Price Index.
— For the results of the Buenos Aires operations using factors derived from the Argentine National Consumer Price Index and converting constant Argentine pesos into Mexican pesos, based on the March 31, 1999 exchange rate of Ps. 9.5 per Argentine Peso.

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

HIGHLIGHTS

First Quarter ended March 31, 1999

- The relatively strong volume performance of FEMSA´s beverage operations and continued strong performance of FEMSA´s retail operations signal better than expected trends in consumer demand.

- FEMSA Cerveza´s total volume increased by 5.5%, Coca-Cola FEMSA´s volume for their Mexican operations increased by 7.7%, and FEMSA Comercio´s same-store sales increased by 11.9% for the first quarter of 1999.

- Net sales growth, reductions in the prices of raw materials and packaging costs and continuous efficiencies realized in the production processes, were the main drivers of FEMSA´s consolidated operating income and EBITDA growth, which increased by 10.4% and 12.0% respectively.

- Consolidated net income increased by 595.6% to Ps. 786 million, as a consequence of operating income growth and an integral result of financing gain attributable to the appreciation of the Peso in the quarter.

All comparisons in this report are made against the figures for the first quarter of 1998

Unaudited Financial Results for the First Quarter ended March 31, 1999 compared to the First Quarter ended March 31, 1998

FEMSA Consolidated

Total Revenues/Net Sales

FEMSA's consolidated total revenues increased by 7.6% to Ps. 7.923 billion and consolidated net sales increased by 8.0% to Ps. 7.880 billion. Net sales growth was attributable to sales growth recorded by all of FEMSA's subholding companies reflecting volume growth in most of FEMSA's principal products, a price increase implemented by FEMSA Cerveza and, in the case of FEMSA Comercio, same store sales growth of 11.9% as well as an increase in the number of Oxxo stores.

NET SALES GROWTH	1 Qtr 99 vs 1 Qtr 98
FEMSA Consolidated	8.0%
FEMSA Cerveza	8.8%
Coca-Cola FEMSA	9.4%
FEMSA Empaques	2.6%
FEMSA Comercio	19.0%

Gross Profit

FEMSA's consolidated gross profit increased by 11.0% to Ps. 3.575 billion, representing a consolidated gross profit margin of 45.4%, an increase of 1.3 percentage points. The expansion in the consolidated gross profit margin is a consequence of a lower rate of growth in the consolidated cost of goods sold relative to the growth of consolidated net sales, reflecting lower variable costs as a result of the reduction in prices of some of FEMSA´s main raw materials as well as the effect on dollar-denominated costs of the real appreciation of the Peso against the U.S. dollar over the last twelve months. The depreciation of the Peso against the U.S. dollar for the last twelve months was 11.6% compared to an inflation rate of 18.36% over the same period.

Income from Operations

FEMSA's consolidated operating expenses including goodwill amortization increased by 10.9% to Ps. 2.710 billion. As a percentage of total revenues, consolidated operating expenses increased by 1.0 percentage point to 34.2%. Some of FEMSA's subsidiaries pay management fees to FEMSA in consideration for corporate services provided by FEMSA to such subsidiaries. Management fees paid by FEMSA's subsidiaries to FEMSA are eliminated in consolidation and thus have no effect on FEMSA's consolidated operating expenses, with the exception of the management fee paid by FEMSA Cerveza to Labatt Brewing Company Limited ("Labatt"), which amounted to Ps. 17.9 million for the first quarter of 1999. FEMSA's consolidated income from operations (after participation in the results of affiliated companies) increased by 10.4% to Ps. 859 million, and the consolidated operating margin increased by 0.2 percentage points to 10.8% of consolidated total revenues.

CHANGE IN INCOME FROM OPERATIONS Before management fees	1 Qtr 99 vs 1 Qtr 98
FEMSA Consolidated	10.4%
FEMSA Cerveza	10.7%
Coca-Cola FEMSA	25.5%
FEMSA Empaques	(5.0)%
FEMSA Comercio	65.6%

Net Income

FEMSA's consolidated net income increased from Ps. 113 million to Ps. 786 million, largely as a result of the income generated by the consolidated integral result of financing as a consequence of (i) a decline in net interest expense and (ii) the foreign exchange gain recorded as a result of the appreciation of the Peso against the U.S. dollar during the first quarter of 1999. The term "integral result of financing" refers to the combined financial effects of (i) net interest expense or interest income, (ii) net foreign exchange gains or losses and (iii) net gains or losses on monetary position.

In the first quarter of 1999, FEMSA recorded consolidated integral result of financing income of Ps. 308 million, compared to a consolidated integral result of financing expense of Ps. 531 million for the comparable period in 1998. During the first quarter of 1999, consolidated net financial expense decreased by 43.1% to Ps. 145 million compared to the first quarter of 1998. This decrease was attributable to (1) a

22.5% decline in interest expense reflecting (i) a reduction in total debt of approximately US$ 145 million over the last twelve months and (ii) the effect of the real appreciation of the Peso against the U.S. dollar on interest payments on dollar denominated debt and (2) a 58.5% increase in interest income as a consequence of the higher interest rates earned on Peso investments relative to the first quarter of 1998. As a result of the appreciation of the Peso of 3.9% in the first quarter of 1999 compared with a depreciation of 5.8% in the first quarter of 1998, FEMSA recorded a consolidated foreign exchange gain of Ps. 256 million compared to a consolidated foreign exchange loss of Ps. 550 million recorded in the first quarter of 1998. The gain on monetary position amounted to Ps. 197 million, a decline of 28.1%, primarily reflecting a lower inflation rate in the first quarter of 1999 compared to the first quarter of 1998.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing of Ps. 366 million, an increase of 335.7%. The increase in consolidated income tax, tax on assets and employee profit sharing is a consequence of the increase in taxable income primarily as a result of the growth in income from operations and the increase in the integral result of financing. Notwithstanding the increase in consolidated income tax, tax on assets and employee profit sharing expense, the Company's average tax rate for the first quarter of 1999 was 31.8% compared to an average tax rate of 42.6% for the same period in 1998, as a consequence of a higher rate of growth in taxable income than the growth in consolidated income tax, tax on assets and employee profit sharing.

Consolidated net majority income amounted to Ps. 638 million for the first quarter of 1999 compared with Ps. 21 million recorded in the first quarter of 1998. Net majority income per FEMSA UBD unit[1] amounted to Ps. 0.597 compared with Ps. 0.020 for the same period last year.

1 QTR	**Per FEMSA Unit[1]**		**Per ADR[2]**	
	Pesos		U.S. dollars[3]	
	1999	**1998**	**1999**	**1998**
Net Majority Income	0.597	0.02	0.627	0.02
EBITDA[4]	1.445	1.291	1.518	1.283

The significant increase in consolidated net majority income is attributable to (i) an increase of 595.6% consolidated net income and (ii) to the fact that, as a consequence of the Exchange Offer implemented during 1998, FEMSA's consolidated net income, since May 11, 1998 includes, as a majority participation, the 49% ownership of Emprex which in the first quarter of 1998, represented a minority participation in the consolidated results of Valores Industriales S.A. (now FEMSA).

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[1]FEMSA Units consists of FEMSA UBD Units and FEMSA UB Units. Each FEMSA UBD unit is comprised of one Series B share, two Series D-B shares and two Series D-L shares. Each FEMSA UB unit is comprised of five series B shares. The number of FEMSA Units outstanding as of March 31, 1999 was 1,068,268,090, equivalent to the total number of shares of the Company outstanding as of March 31, 1999 divided by 5.

[2] Each ADR is comprised of 10 FEMSA UBD units. To calculate the net majority income and EBITDA on an equivalent per ADR basis, the number of ADRs used was 106,826,809, equivalent to the number of FEMSA Units outstanding as of March 31, 1999 divided by 10.

[3] For purposes of calculating the variation in U.S. dollars, the 1999 Peso figures where converted into U.S. dollars by applying the Federal Reserve Bank of New York noon buying rate (the "noon buying rate") as of March 31, 1999 of Ps. 9.5210 per U.S. dollar. The 1998 Peso figures were converted into U.S. dollars by applying the noon buying rate as of March 31, 1998 of Ps. 8.521 per U.S. dollar.

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

FEMSA Cerveza

Net Sales

FEMSA Cerveza's net sales increased by 8.8% to Ps. 2.959 billion reflecting (i) a 5.5% increase in total shipments and (ii) an increase in the domestic price per hectoliter of beer. FEMSA Cerveza's domestic shipments increased by 5.3% to 4.483 million hectoliters, as a result of (i) promotional activities in connection with the price increase implemented on January 1, 1999, (ii) strong volume growth in the month of March reflecting favorable weather conditions in most of FEMSA Cerveza's stronghold territories and (iii) strong sales performance specifically during the last week of March due to the Easter Holidays. It is estimated that regional industry volume in the central region of the country grew by approximately one to two percentage points above the northern region, and by approximately two to three percentage points above the southern region.

OPERATING HIGHLIGHTS	
% Change	**1 Qtr 99 vs 1 Qtr 98**
Domestic Volume	5.3%
Export Volume	9.0%
Total Volume	5.5%
Net Sales	8.8%
Income from Operations	10.7%

Shipments of all of FEMSA Cerveza's brands increased during the first quarter of 1999 with the exception of Superior which declined by 2.4%. Shipments for Sol, Tecate, XX Lager, and Carta Blanca increased by 20.1%, 5.8%, 4.8% and 3.0%, respectively. Other brands such as Bohemia, Tecate Light and Indio also experienced important growth rates during the first quarter, although they represent a small percentage of FEMSA Cerveza's domestic shipments. Export shipments grew by 9.0% to 278 thousand hectoliters. Shipments to the United States, FEMSA Cerveza's main export market, increased by 10.5% and accounted for 87.4% of FEMSA Cerveza's export shipments. Management believes that the slowdown in shipment growth to the United States market in the first quarter of 1999, is in part explained by an inventory adjustment in the Tecate brand after strong shipment growth in the fourth quarter of 1998. Export revenues increased by 6.7% to Ps. 186.8 million and in U.S. dollar terms, export revenues increased by 9.4% to US$ 18.7 million.

Gross Profit

FEMSA Cerveza's cost of goods sold increased by 4.6% to Ps. 1.477 billion and recorded gross profit growth of 12.5% to Ps. 1.5 billion. As a result of a lower rate of growth of the cost of goods sold relative to net sales, the gross margin increased by 1.6 percentage points to 50.7% of net sales, reflecting a real decline in variable costs attributable to (i) a reduction in brewing costs, specifically in the cost of malt and barley, (ii) a reduction in packaging costs, and (iii) the effect of the appreciation of the Peso against the U.S. dollar on dollar-denominated packaging materials.

MARGINS		
	1 Qtr 99	1 Qtr 98
Gross margin	50.7%	49.1%
Operating margin before management fees	10.6%	10.4%

Income from Operations

FEMSA Cerveza's operating expenses increased by 12.4% to Ps. 1.179 billion, representing 39.6% of total revenue, compared to 38.2% of total revenue for the same period last year. The increase in operating expenses is primarily attributable to (i) increased advertising and promotional activities after the implementation of the price increase on January 1,1999 and in connection with the Easter Holidays, (ii) a more aggressive long-term incentive compensation program for management, including the sales force. FEMSA Cerveza's income from operations, after participation in the results of Labatt USA and before deduction of management fees paid to FEMSA and to Labatt, increased by 10.7% to Ps. 316 million.

Coca-Cola FEMSA

Net Sales

Coca-Cola FEMSA recorded net sales growth of 9.4% to Ps. 3.138 billion. Net sales growth is primarily attributable to volume growth in the Mexican and in the Buenos Aires territories. Coca-Cola FEMSA recorded volume growth of 7.7% in the combined Mexican territories, and 11.6% in the Buenos Aires territory, including sales volume from the Pilar area acquired in 1998. Average real prices for Coca-Cola FEMSA's products increased by 1.8%. Net sales increased by 9.7% in the combined Mexican territories. In the Buenos Aires Territory, net sales increased by 8.9% in Argentine Pesos as a consequence of volume growth of 11.6%, primarily reflecting the incremental volume obtained from servicing the Pilar area, despite a slight reduction in average prices. At the end of the first quarter, Coca-Cola FEMSA implemented a 7% weighted average price increase in the Valley of Mexico territory and a 15% weighted average price increase in parts of the State of Oaxaca in the Southeast Territory.

VOLUME GROWTH 1 Qtr 99 vs 1 Qtr 98	
	Total
Valley of Mexico	8.3%
Southeast	6.0%
Buenos Aires (including Pilar area)	11.6%

Gross Profit

Coca-Cola FEMSA's cost of goods sold increased by 5.2% to Ps. 1.733 billion, and experienced gross margin expansion of 1.8 percentage points to 45.6% of net sales. The gross margin expansion is primarily attributable to the Buenos Aires operations reflecting (i) increased operating leverage as a result of the incremental volume from servicing the Pilar area, (ii) a decline in certain packaging and raw material costs (iii) continuous decline in fixed costs and (iv) a benefit from lower prices of products purchased from Complejo Industrial CAN S.A. ("CICAN"), which materialized in lower costs for Coca-Cola FEMSA, but lower profits received through its 48.1% ownership in CICAN. The Mexican operation also experienced slight gross margin expansion primarily as a result of greater efficiencies achieved in the production processes.

MARGINS		
	1 Qtr 99	1 Qtr 98
Gross margin	45.6%	43.8%
Operating margin	11.9%	10.3%

Income from Operations

Operating expenses increased by 10.3% to Ps. 1.024 billion. As a percentage of total revenues, operating expenses increased by 0.4 percentage points to 32.3%. The increase in operating expenses is primarily a result of (i) the continuous implementation of information technology systems and (ii) higher selling expenses as a result of the acquisition of the Pilar area. Notwithstanding the increase in operating expenses, income from operations after amortization of goodwill increased by 25.5% to Ps. 376 million, reflecting an increase of (i) 66.7% in the income from operations of Coca-Cola FEMSA´s Argentine subsidiary and (ii) a 14.5% increase in the income from operations of Coca-Cola FEMSA´s Mexican subsidiaries. Coca-Cola FEMSA's operating margin increased by 1.6 percentage points to 11.9%.

FEMSA Empaques

VOLUME GROWTH 1 Qtr 99 vs 1 Qtr 98	
Beverage cans	24.7%
Crown caps	21.7%
Glass bottles	(21.4)%
Refrigerators	(32.1)%

Net Sales

FEMSA Empaques experienced net sales growth of 2.6% to Ps. 1.467 billion. Slow sales growth recorded by FEMSA Empaques this quarter is mainly attributable to (i) a reduction in the prices of beverage cans, crown caps and glass bottles to domestic clients, (ii) a decline in the export volume of beverage cans, sold at a higher price than in the domestic market, as a result of a significant growth in domestic demand, specifically from FEMSA Cerveza and Industria Envasadora de Queretaro S.A. de C.V. ("IEQSA"), the canning cooperative in Mexico owned by several Coca-Cola Bottlers, (iii) the negative effect of the appreciation of the Peso in the sales recorded by dollar-denominated packaging products such as beverage cans and crown caps and (iv) a decline in the volumes of glass bottles and refrigerators. FEMSA Empaques continues to capture third-party clients to compensate for the decline in the purchases of glass bottles by Coca-Cola FEMSA, as a result of Coca-Cola FEMSA´s shift to one-way PET presentations in its Mexican territories. Export revenues decreased by 4.3% to Ps. 134.6 million and represented 9.2% of net sales. In U.S. dollar terms, export revenues decreased by 1.5% to US$ 13.5 million. Export revenues exclude revenues from the sale of aluminum scrap which totaled US$ 8.7 million in 1999 compared to US$ 5.3 million in 1998.

Gross Profit

FEMSA Empaques' cost of goods sold increased by 4.5% to Ps. 1.110 billion, a higher rate of growth relative to net sales, resulting in a decline in the gross profit margin of 1.5 percentage points. The decline in gross profit is in part attributable to higher sales of lower value- added products for the first quarter of 1999, such as imported beverage cans, which have a lower margin compared to internally produced beverage cans, and crown caps for exports, which are manufactured with higher priced imported steel. Another factor that contributed to the decline in the gross margin for the quarter was the fact that FEMSA Empaques depleted higher-priced aluminum inventories during the first quarter of 1999, at the same time that it reduced beverage can prices to its domestic clients, negatively impacting the gross margin of the beverage can business.

MARGINS		
	1 Qtr 99	1 Qtr 98
Gross margin	24.6%	26.1%
Operating margin before management fees	15.8%	17.0%

Income from Operations

Operating expenses increased by 0.8% to Ps. 129 million and declined slightly as a percentage of sales compared to the same period last year. Income from operations before deduction of management fees decreased by 5.0% to Ps. 232 million, primarily reflecting the decline in gross profit.

FEMSA Comercio

Net Sales

FEMSA Comercio's net sales increased by 19.0% to Ps. 1.136 billion. Sales growth was primarily attributable to (i) a 13.9% increase in the total number of stores, which increased from 901 at March 31, 1998 to 1,026 at March 31, 1999, and (ii) average same store sales growth of 11.9%. Strong same store sales growth is in part attributed to (i) recently opened sites in the northwestern region reaching their state of maturity faster than expected, with sales currently exceeding the average same store sales for the chain and (ii) strong consumption of high frequency products, particularly beverages, observed throughout the quarter and specifically in the month of March. Average monthly traffic per store increased by 6.8% and the average sale per customer increased by 5.0% to Ps. 16.9. Management believes that the increase in traffic per store is in part attributed to (i) FEMSA Comercio's strategy of pricing high frequency items competitively relative to supermarkets and (ii) strong promotional campaigns of "hook" type products designed to attract traffic.

OPERATING HIGHLIGHTS	
% Change	**1 Qtr 99 vs 1 Qtr 98**
Total stores	1,026
Net sales	19.0%
Same store sales	11.9%
Income from operations	65.6%

Gross Profit

FEMSA Comercio recorded gross profit of Ps. 274 million, a 17.2% gain over the first quarter of 1998. The gross margin decreased slightly by 0.4 percentage points to 24.1% of net sales, primarily as a consequence of FEMSA Comercio's strategy to reduce prices of high frequency items.

MARGINS		
	1 Qtr 99	1 Qtr 98
Gross margin	24.1 %	24.5%
Operating margin before management fees	3.3%	2.4%

Income from Operations

Operating expenses increased by 12.0% to Ps. 237 million. The increase in operating expenses is primarily attributable to (i) an increase in the number of stores and (ii) a slight growth in corporate infrastructure as a consequence of the significant growth in the size of the chain experienced last year. Average expenditure per store continues to decline reflecting continuous efficiencies in the administration processes of the stores. FEMSA Comercio recorded income from operations before deduction of management fees of Ps. 37 million in the first quarter of 1999, an increase of 65.6% relative to the first quarter of 1998.

Amoxxo

As of March 31, 1999, there were 27 Oxxo Express Service Centers in operation. Amoxxo recorded net sales of Ps. 288 million for the first quarter of 1999, an increase of 37.7% over the comparable period last year. Amoxxo registered an operating income of Ps. 0.4 million in the first quarter of 1999 compared with an operating loss of Ps. 7.7 million in the same period of 1998. The construction of new sites in Amoxxo has been halted until a thorough profitability analysis is concluded and management develops a new business plan for Amoxxo. The profitability of the most recent sites opened has improved relative to the initial sites.

FEMSA Logística

FEMSA Logística, which started operations in April 1, 1998, recorded net sales of Ps. 244 million and generated an operating profit of Ps. 23 million for the first quarter of 1999. The objectives of FEMSA Logística are to intensify efforts to reduce the overall cost of transportation services for FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Empaques and to enable these affiliates to focus solely on producing, marketing and selling their respective products and improving returns on net operating assets. FEMSA Logística will also begin servicing FEMSA Comercio's primary transportation requirements and will begin servicing third-parties in the near future.

Year 2000

Background

In 1996, the Company began analyzing its operating, financial and management information systems to determine its exposure to possible problems relating to the year 2000 computer issue (the "Y2K problem"). In June 1997, the Company established a Y2K Committee integrated by the heads of the Information Systems Department of each of FEMSA's subholding companies, with the objective of formulating and implementing a common methodology among all of FEMSA´s subholding companies to (i) coordinate efforts and avoid redundancies, (ii) to create synergies and (iii) to define a problem response timetable ("Y2K Project") to identify all hardware and software that needed modification, upgrading or replacement to avoid disruption of the Company's operations related to the Y2K problem.

Subsequently, on January 1998, the Audit Committee of the Board of Directors of the Company assigned the responsibility of auditing and monitoring the Y2K Project (to be implemented by the Y2K Committee) to the Internal Auditing Department of the Company with the following objectives: (1) to maintain the Board of Directors informed of the progress achieved in solving the Y2K problem; (2) to evaluate the measures designed by the Y2K Committee; (3) to follow up the different phases of the Y2K Project and evaluate the results obtained and (4) to monitor the total cost of the Y2K Project by subholding company. The Audit Committee of the Board of Directors has met three times with the Internal Auditing Department to review the status of the Y2K Project. The Audit Committee, subsequently, has informed the Board of Directors on the advancement of the Y2K Project. In addition, the Chief Executive Officer of FEMSA assigned direct responsibility for Y2K compliance to the Chief Executive Officers of each of FEMSA's subholding companies.

The Company is well underway in the process of updating software applications and, in some cases, replacing its hardware, and all embedded components in plants, including software and hardware, and in administrative buildings such as elevators and security systems. The required improvements are still underway, but the Company expects that testing and certification will be substantially completed by June 1999. Management believes that FEMSA's integrated structure (i) reduces the cost of the Y2K Problem for FEMSA since many applications are shared among different subsidiaries, (ii) facilitates the implementation and monitoring process of the Y2K Project and (iii) reduces the Company's exposure to supplier Y2K risk.

Description of Methodology

Since mid 1997, the Y2K Committee designed a comprehensive Y2K working plan with the objective to (i) create awareness of the Y2K problem among all of FEMSA´s Sub-holding Companies, (ii) share responsibilities and resources for the inventory and conversion process (iii) standardize the conversion process by defining different phases for conversion, and (iv) formalize the requirement for contingency plans to face the most reasonably likely worst case scenarios.

The Company's Y2K working plan consists of the following phases:

(1) Awareness

This phase required involving the highest levels of the organization to obtain their approval and support for the implementation of the Y2K Project. Awareness of the Y2K problem covered both information technology systems ("ITS") and non-information technology systems ("N-ITS").

(2) Inventory

The objective of this phase was to identify and record every computerized digital, analog and electrical component in all of the ITS and N-ITS of the Company's operations. Two task forces executed the inventory process: one task force concentrated on the ITS, including software designed by third-parties, and a separate task force worked together with external specialized resources to inventory the microprocessors embedded in the N-ITS, particularly in the case of FEMSA Cerveza and Coca-Cola FEMSA.

(3) Conversion

This phase consists of five sub-phases :

A) Impact analysis: The software applications were prioritized from most critical to less critical, according to their impact in the operations of the businesses and a working plan was designed to implement the conversion. In addition, all third-party material relations were identified and prioritized, including suppliers, clients, public and private utilities and banks, assessing the materiality of the relationship. Immediately thereafter, a process to obtain a certification of compliance from third parties was put in place.

B) Software Conversion: The internally developed software was either modified to be Y2K compliant or, if necessary, replaced by new software. The software acquired from third parties was either upgraded or replaced by different software in case the supplier did not provide a compliant upgrade.

C) Equipment Replacement: Computer equipment was modified or replaced by new equipment when necessary.

D) Testing: Comprehensive resistance tests were performed in all ITS and when possible, in the N-ITS, interacting actively with the user for training purposes to obtain a written agreement of the functionality of their applications and equipment.

E) Implementation: Once the software and equipment were tested and approved, the assigned teams proceeded to replace and install them on each of the operating and administrative units of the Company. and to provide the necessary training, where needed.

(4) Contingency Plans

The objective of this phase is to determine the most reasonably likely worst case scenarios the business operations could face and to establish a plan that would ensure continuity of such operations in the event that such scenarios were to materialize. The Company is in the process of formulating such contingency plans, which will most likely be finalized during the third quarter of 1999 and implemented during the fourth quarter of 1999.

(5) Follow-up

The objectives of this phase are (1) to implement a control process in the procurement departments of the Subholding Companies to avoid purchases of hardware or software that are not Y2K compliant and (2) to provide technical support to the users of equipment and software replaced or modified.

Status of Completion

The Y2K working plan has been implemented in FEMSA and its Subholding Companies. The inventory phase of the Y2K working plan has been completed by all such entities. Management believes that the Company is on schedule on its conversion, testing and implementation phases and expects all of the subholding companies to be Y2K certified and compliant not later than June 30, 1999, with the exception of Coca-Cola FEMSA which expects to be certified and compliant by July, 1999.

In addition, the Company has contacted all of its critical suppliers, customers and other business partners to determine their preparation for the Y2K problem and to assess the Company's vulnerability to third-party Y2K risk. Although the Company will make its best efforts to insulate itself from exposure to third-party Y2K problems, and expects to have contingency plans to face the most reasonably likely worst case scenarios, it can not guarantee that these third parties, including critical suppliers, will be properly prepared by the end of 1999, nor can it guarantee that any Y2K problems experienced by third-parties will not affect FEMSA's or its Subholding Companies´ operations.

Costs

The Company estimates that its Y2K upgrading program will cost approximately US$6 million which amount includes US$2 million revised Y2K upgrading budget of Coca-Cola FEMSA. Coca-Cola FEMSA's efforts to upgrade its information systems technology are not included in this estimate because this upgrade is being undertaken independently of the Y2K upgrading program. Coca-Cola FEMSA´s new information systems will be Y2K compliant. The Company believes that the cost of its Y2K efforts will not have a material adverse impact on the operations or financial condition of the Company.

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

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Three pages of tables to follow

FEMSA

OPERATING DATA
For the first quarter ended March 31, 1999 and 1998

FEMSA Cerveza

Shipments
(Thousand hectoliters)

		1999	1998	%Var
Domestic:				
Returnable		3,515	3,340	5.2
Non-returnable		145	141	2.8
Cans		823	778	5.8
Total Domestic		4,483	4,259	5.3
Exports		278	255	9.0
Total Volume		4,761	4,514	5.5
Exports revenues:	Millions Ps.	186.8	175.1	6.7
	US Millions	18.7	17.1	9.4

Coca-Cola FEMSA

Sales Volumes
(Millions of Unit Cases)

	1999	1998	%Var
Valley of Mexico	73.6	67.9	8.3
Southeast	22.9	21.6	6.0
Buenos Aires	29.3	28.4	3.2
New territory in Buenos Aires	2.4	-	
Total	128.2	117.9	8.7

Presentation Mix (%)

(Returnable/Non-Returnable)	1999	1998
Valley of Mexico	40/60	52/48
Southeast	59/41	63/37
Buenos Aires	09/91	14/86
Total	35/65	45/55

Product Mix (%)

(Colas/Flavors/Water)	1999	1998
Valley of Mexico	77/21/02	75/23/02
Southeast	75/20/05	73/22/05
Buenos Aires	73/26/01	75/24/01
Total	75/23/02	74/23/02

FEMSA Empaque

Sales Volume
(Millions of pieces)

		1999	1998	%Var
Cans		728	584	24.7
Crown caps		2,773	2,279	21.7
Glass Bottles		173	220	(21.4)
Cardboard boxes (Ths m2)		22,817	20,705	10.2
Refrigerators (Ths)		36	53	(32.1)
Labels		861	819	5.1
Export volumes:	Cans	59	92	(35.9)
	Crown caps	1,158	649	78.4
	Can lids	77	151	(49.0)
Exports revenues:	Millions Ps.	134.6	140.7	(4.3)
	US Millions	13.5	13.7	(1.5)

Percentage of sales revenue by client category:

	1999	1998	Var. p.p.
Intercompany sales	51.5	55.5	(4.0)
FEMSA Cerveza	37.1	29.0	8.1
Coca-Cola FEMSA	14.4	26.5	(12.1)
Third-party sales	48.6	44.5	4.1
Domestic	40.4	35.6	4.8
Export	8.2	8.9	(0.7)

FEMSA Comercio

	1999	1998	Var
Total stores	1,026	901	13.9
New stores	37	16	131.3
Closed stores	11	7	57.1
Comparative same stores:			
Average monthly sales (Ths. Ps.)	371.6	332.2	11.9
Average ticket per customer (Ps.)	16.9	16.1	5.0
Average monthly traffic per store (Ths.)	22.0	20.6	6.8

All comparisons in this report are made against the figures for the first quarter of 1998

FEMSA

INCOME STATEMENT
For the first quarter ended March 31, 1999 and 1998
Expressed in Millons of pesos as of March 31, 1999

	FEMSA Cerveza			Coca-Cola FEMSA			FEMSA Empaques			FEMSA Comercio			FEMSA Logística	FEMSA		
	1999	**1998**	**% Var**	**1999**	**1998**	**% Var**	**1999**	**1998**	**% Var**	**1999**	**1998**	**% Var**	**1999**	**1999**	**1998**	**% Var**
Net sales	2,958.6	2,719.4	8.8	3,137.7	2,867.3	9.4	1,467.0	1,429.8	2.6	1,136.4	954.6	19.0	243.6	7,880.0	7,299.0	8.0
Other revenues	18.3	25.8	(29.1)	24.5	37.3	(34.3)	4.7	5.6	(16.1)	0.0	0.2		0.0	43.0	66.0	(34.8)
Total revenues	2,976.9	2,745.2	8.4	3,162.2	2,904.6	8.9	1,471.7	1,435.4	2.5	1,136.4	954.8	19.0	243.6	7,923.0	7,365.0	7.6
Cost of good sold	1,476.7	1,411.2	4.6	1,732.7	1,647.4	5.2	1,110.3	1,062.7	4.5	862.1	720.7	19.6	201.1	4,348.0	4,143.0	4.9
Gross margin	1,500.2	1,334.0	12.5	1,429.5	1,257.2	13.7	361.4	372.7	(3.0)	274.3	234.1	17.2	42.5	3,575.0	3,222.0	11.0
Operating expenses	1,178.7	1,049.0	12.4	1,024.1	928.4	10.3	129.1	128.1	0.8	237.0	211.6	12.0	19.1	2,710.0	2,444.0	10.9
Operating income	321.5	285.0	12.8	405.4	328.8	23.3	232.3	244.6	(5.0)	37.3	22.5	65.6	23.4	865.0	778.0	11.2
L-USA part/goodwill amortiz	(6.0)	0.0		(29.4)	(29.1)	1.0	0.0	0.0		0.0	0.0		0.0	(6.0)		
Income from operations	315.5	285.0	10.7	376.0	299.7	25.5	232.3	244.6	(5.0)	37.3	22.5	65.6	23.4	859.0	778.0	10.4
Management fee	59.5	24.8	140.1	0.0	0.0		14.7	14.3	2.8	3.4	2.8	21.8	2.2	0.0	0.0	
Income from operations, net	256.0	260.2	(1.6)	376.0	299.7	25.5	217.6	230.3	(5.5)	33.8	19.7	71.8	21.2	859.0	778.0	10.4
Depreciation	180.0	177.5	1.4	126.9	97.7	29.9	57.5	54.4	5.7	11.7	10.2	14.7	12.4	393.0	343.0	14.6
Other non-cash charges	148.2	128.5	15.3	125.5	110.7	13.4	5.2	3.6	44.4	8.3	8.7	(4.6)	0.4	292.0	258.0	13.2
EBITDA	584.2	566.2	3.2	628.4	508.1	23.7	280.3	288.3	(2.8)	53.8	38.6	39.5	34.0	1,544.0	1,379.0	12.0

Margins as a percentage of Total revenues

Before management fee	**1999**	**1998**	**Var p.p.**	**1999**	**1998**	**Var p.p.**	**1999**	**1998**	**Var p.p.**	**1999**	**1998**	**Var p.p.**	**1999**	**1999**	**1998**	**Var p.p.**
% Operating margin	10.6	10.4	0.2	11.9	10.3	1.6	15.8	17.0	(1.2)	3.3	2.4	0.9	9.6	10.8	10.6	0.2
% EBITDA margin	21.6	21.5	0.1	19.9	17.5	2.4	20.0	21.1	(1.1)	5.0	4.3	0.7	14.9	19.5	18.7	0.8

After management fee

% Operating margin	8.6	9.5	(0.9)	11.9	10.3	1.6	14.8	16.0	(1.2)	3.0	2.1	0.9	8.7	10.8	10.6	0.2
% EBITDA margin	19.6	20.6	(1.0)	19.9	17.5	2.4	19.0	20.1	(1.1)	4.7	4.0	0.7	14.0	19.5	18.7	0.8

Capital Expenditures (1)	488.0	384.0	104.0	172.2	309.0	(136.8)	92.0	160.0	(68.0)	34.0	15.0	19.0	17.1	816.4	932.0	(115.6)

(1) Includes property, plant and equipment + deferred charges

All comparisons in this report are made against the figures for the first quarter of 1998

FEMSA

CONSOLIDATED INCOME STATEMENT

For the first quarter ended March 31, 1999 and 1998

Expressed in Millions of Pesos as of March 31, 1999

	1999	1998	% Var
Net sales	7,880	7,299	8.0
Other operating revenues	43	66	(34.8)
Total revenues	7,923	7,365	7.6
Cost of sales	4,348	4,143	4.9
Gross profit	3,575	3,222	11.0
Administrative expenses	748	632	18.4
Selling expenses	1,962	1,812	8.3
Operating expenses	2,710	2,444	10.9
	865	778	11.2
Participation in affiliated companies	(6)		
Income from operations	859	778	10.4
Interest expense	248	320	(22.5)
Interest income	(103)	(65)	58.5
Interest expense, net	145	255	(43.1)
Foreign exchange loss (gain)	(256)	550	(146.5)
Gain on monetary position	(197)	(274)	(28.1)
Integral result of financing	(308)	531	(158.0)
Other expenses	15	50	(70.0)
Income before taxes	1,152	197	484.8
Taxes	366	84	335.7
Net Income	786	113	595.6
Majority net income	638	21	2,938.1
Minority net income	148	92	60.9

	% Total Revenues		
	1999	1998	Var P.P.
Net sales	99.5	99.1	0.4
Other operating revenues	0.5	0.9	(0.4)
Total revenues	100.0	100.0	-
Cost of sales (*)	55.2	56.8	(1.6)
Gross profit (*)	45.4	44.1	1.3
Administrative expenses	9.4	8.6	0.8
Sales expenses	24.8	24.6	0.2
Operating expenses	34.2	33.2	1.0
	10.9	10.6	0.3
Participation in affiliated companies	(0.1)	-	(0.1)
Income from operations	10.8	10.6	0.2

(*) % to Net sales

CONSOLIDATED BALANCE SHEET

As of March 31, 1999 and 1998

Expressed in Millions of Pesos as of March 31, 1999

ASSETS	1999	1998	% Var
Cash and cash equivalents	2,062	1,473	40.0
Accounts receivable	2,430	2,384	1.9
Inventories	3,293	3,313	(0.6)
Prepaid expenses	716	595	20.3
Total Current Assets	8,501	7,765	9.5
Property, plant and equipment, net	24,288	23,718	2.4
Deferred charges and other assets	4,839	4,390	10.2
TOTAL ASSETS	37,628	35,873	4.9
LIABILITIES & STOCKHOLDERS´ EQUITY			
Bank loans	2,199	1,852	18.7
Current maturities long term debt	831	267	211.2
Interest payable	183	194	(5.7)
Operating liabilities	4,426	3,549	24.7
Total Current Liabilities	7,639	5,862	30.3
Bank loans	6,630	9,869	(32.8)
Labor liabilities	845	870	(2.9)
Other liabilities	102	97	5.2
Total Liabilities	15,216	16,698	(8.9)
Minority Interest	7,066	12,216	(42.2)
Majority Interest	15,346	6,959	120.5
Total Stockholders' equity	22,412	19,175	16.9
LIABILITIES & STOCKHOLDERS' EQUITY	37,628	35,873	4.9

FINANCIAL RATIOS			
Liquidity	1.11	1.32	(0.21)
Debt service coverage (*)	10.65	5.41	5.24
Leverage	0.68	0.87	(0.19)
Capitalization	0.33	0.41	(0.08)

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

All comparisons in this report are made against the figures for the first quarter of 1998