

MEXICAN ECONOMIC DEVELOPMENT INC  
Form 6-K  
April 28, 2008

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2008

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.  
(Exact name of Registrant as specified in its charter)

Mexican Economic Development, Inc.  
(Translation of Registrant's name into English)

United Mexican States  
(Jurisdiction of incorporation or organization)

General Anaya No. 601 Pte.  
Colonia Bella Vista  
Monterrey, Nuevo León 64410  
México  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as  
permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as  
permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this  
Form, the registrant is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in  
connection with Rule 12g3-2(b): 82-\_\_\_\_\_



*Latin America's Beverage Leader*

## **FEMSA Delivers Double-Digit Operating Income Growth in 1Q08**

**Monterrey, Mexico, April 28, 2008— Fomento Económico Mexicano, S.A.B. de C.V. (“FEMSA”) today announced its operational and financial results for the first quarter of 2008.**

### **First Quarter 2008 Highlights:**

- **Consolidated total revenues increased 8.4% and income from operations 19.6%.**
  - Double-digit income from operations growth in all our business units contributed to these results.
- **Coca-Cola FEMSA total revenues and income from operations increased 6.4% and 15.7%, respectively.**
  - Double-digit income from operations growth in all divisions drove these results.
- **FEMSA Cerveza total revenues increased 6.8% and income from operations increased 35.7% over a favorable comparison base.**
  - Sales volume grew a robust 7.1% in Mexico, 12.6% in exports and 2.9% in Brazil.
  - Strong top-line growth, combined with a decline in administrative expenses offset raw material pressures.
- **OXXO continued its pace of strong growth and margin expansion.**
  - Total revenues and income from operations increased 16.4% and 39.4%, respectively, resulting in an operating margin expansion of 60 basis points to 3.5%.
  - Strong growth within all product categories drove the positive results for the quarter.

José Antonio Fernández, Chairman and CEO of FEMSA, commented “Our first quarter 2008 results provide a compelling example of the strength of our unique continental integrated platform. Coca-Cola FEMSA delivered strong numbers aided by growing profitability in Mexico and in all of its divisions. FEMSA Cerveza results reflected a strong quarter, aided by positive weather conditions partially offsetting raw material pressures; our Brazilian operations started the year with some softness, however our export volumes again grew in the double digits, driven by continued strong performance in the United States. OXXO continued to deliver growth in every aspect of the business, recording a strong first quarter. We start this new year with strong first quarter results and conviction that we will be able to successfully navigate what may turn out to be a challenging year, while we continue to strengthen FEMSA’s business platform.”

## **FEMSA Consolidated**

*Beginning on January 1<sup>st</sup> 2008, in accordance to changes in the Mexican Financial Reporting Standards (Mexican FRS) related to inflation effects, the company discontinued the inflation accounting for our subsidiaries in Mexico, Guatemala, Panama, Colombia and Brazil. 2008 figures are in nominal pesos. For the rest of our subsidiaries, Nicaragua, Costa Rica, Venezuela and Argentina, we will continue applying the inflation accounting during 2008. For comparison purposes, the figures for 2007 have been restated in Mexican pesos with purchasing power as of December 31, 2007. For further details see Recent Developments section.*

**Total revenues** increased 8.4% compared to 1Q07, to Ps. 36.181 billion. This increase was primarily driven by total revenue growth compared to 1Q07 of 16.4% at OXXO, 6.8% at FEMSA Cerveza and 6.4% at Coca-Cola FEMSA.

**Gross profit** increased 10.7% compared to 1Q07 to Ps. 16.277 billion in 1Q08. Gross margin expanded 100 basis points over the same period in 2007 to 45.0% of total revenues, as a result of a decline in sweetener costs at Coca-Cola FEMSA combined with gross profit improvement at OXXO and stable margins at FEMSA Cerveza in spite of raw material pressures.

**Income from operations** increased 19.6% to Ps. 3.980 billion in 1Q08 as compared to the same period in 2007. Operating margin expanded by 100 basis points to 11.0%, driven by double-digit growth across our operations.

**Net income** increased 16.5% compared to 1Q07 to Ps. 2.038 billion in 1Q08, mainly driven by income from operations growth that more than offset lower gains in monetary position and the increase in income taxes. Our integral cost of financing reflects the changes in the Mexican Financial Reporting Standards, and was mainly affected by our monetary position, where an inflationary adjustment is no longer applied to the vast majority of our monetary asset and liability positions. The effective tax rate increased from 31.0% in 1Q07 to 31.8% in 1Q08.

**Net majority income** increased 13.1% over 1Q07 resulting in Ps. 0.36 per FEMSA Unit<sup>1</sup> in 1Q08. Net majority income per FEMSA ADS was US\$ 0.34 for the quarter.

**Capital expenditures** increased 3.5% over 1Q07 to Ps. 1.970 billion in 1Q08, mainly reflecting increased investment in the beverage business units related to incremental capacity and distribution expenditures, as well as market-related investments.

**Consolidated net debt:** As of March 31, 2008, FEMSA recorded a cash balance of Ps. 11.489 billion (US\$ 1.081 billion), an increase of Ps. 979 million (US\$ 92 million) compared to 1Q07. Short-term debt was Ps. 10.045 billion (US\$ 945 million) and long-term debt was Ps. 30.492 billion (US\$ 2.868 billion). Our net debt declined Ps. 4.810 billion (US\$ 452 million) to Ps. 29.048 billion (US\$ 2.733 billion), driven by the amortization of bank debt and to a lesser extent our strong cash generation.

## **Soft Drinks - Coca-Cola FEMSA**

*Coca-Cola FEMSA's financial results and discussion are incorporated by reference from Coca-Cola FEMSA's press release, which is attached to this press release.*

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<sup>1</sup> FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of March 31, 2008 was 3,578,226,270 equivalent to the total

number of FEMSA Shares outstanding as of the same date, divided by 5.

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## Beer - FEMSA Cerveza

**Mexico sales volume** increased 7.1% compared with 1Q07 to 6.062 million hectoliters in 1Q08. This increase reflects healthy consumer demand during the quarter, aided by favorable weather conditions and a positive impact due to a partial shift of Easter sales in March instead of April. Growth came primarily from our core brands.

**Brazil sales volume** increased 2.9% over 1Q07 to 2.406 million hectoliters in 1Q08. Positive trends for our brand portfolio were partially offset by adverse weather conditions.

**Export sales volume** increased 12.6% compared with 1Q07 to 768.8 thousand hectoliters in 1Q08, mainly driven by our *Dos Equis* and *Tecate* brands in the U.S. as well as by *Sol* in other key markets. The U.S. contributed two-thirds of our incremental volumes, achieving double-digit growth despite the slowdown in U.S. beer import category.

**Total revenues** increased 6.8% over 1Q07 to Ps. 9.111 billion in 1Q08; solid volume growth and an increase in average price per hectoliter in Mexico drove these results. Mexico beer sales represented 68% of total revenues, while Brazil and Export revenues reached 15.1% and 8.4% of total revenues, respectively.

Mexico price per hectoliter increased 1.2% over 1Q07 to Ps. 1,021.4 in 1Q08, lapping growth of 1% in 1Q07 and resulting mainly from price increases implemented during the quarter. Conversely, Brazil price per hectoliter decreased 3.0% compared to the same period of 2007 to Ps. 572.8, as our price increases took place late in the first quarter of 2008 and the sale of some off-trade volumes was shifted from us to The Coca-Cola Company bottling system. Export price per hectoliter increased 0.9% in dollar terms, however a strong Peso versus the Dollar more than offset this increase resulting in a decline in peso terms of 4.5% over 1Q07 to Ps. 993.7.

**Cost of sales** increased 6.4% compared with 1Q07 to Ps. 4.288 billion in 1Q08. Higher fixed-cost absorption driven by robust volume increases, combined with the appreciation of the Brazilian Real as applied to our dollar-denominated costs and operating efficiencies, offset raw material pressures in the quarter. Gross profit increased 7.2% over 1Q07 to Ps. 4.823 billion in 1Q08, resulting in a gross margin of 52.9%, a slight improvement of 10 basis points as compared to the same period in 2007.

**Income from operations** increased 35.7% compared to 1Q07 to Ps. 673 million in 1Q08, a 160 basis point increase in operating margin to 7.4%. This increase was driven by strong top-line growth combined with a decline in administrative expenses, as well as stable selling expenses as a percentage of total revenues. Operating expenses increased 3.6% over 2007 to Ps. 4.150 billion while total revenues grew 6.8%; cost containment initiatives together with a decline in amortization of capitalized investment in the ERP system partially offset the increased level of marketing investment behind our brands and at the point of sale.

## OXXO Stores - FEMSA Comercio

**Total revenues** increased 16.4% over 1Q07 to Ps. 10.687 billion in 1Q08 mainly driven by the opening of 73 net new Oxxo stores in the quarter, a total increase of 698 net new stores in the last twelve months and an increase in same-store sales. As of March 31, 2008, there were a total of 5,636 OXXO's in Mexico. Same-store sales increased an average of 5.1% for the quarter over 1Q07, driven by a 14.5% increase in store traffic as a result of a broadening product and service assortment combined with a positive calendar effect aided by the Easter Holidays and an additional day in February. The increased traffic was partially offset by an 8.2% decline in the average customer ticket; ticket and traffic dynamics reflect the mix shift from prepaid wireless phone cards to the sale of electronic air-time, for which only the margin is recorded, not the full amount of the air-time recharge. On a comparable basis excluding this change, the average ticket would have grown in the low single digits.



**Gross profit** increased by 20.7% in 1Q08 compared to 1Q07, a 100 basis point gross margin expansion to reach 27.6% of total revenues. This improvement was driven in part by the shift towards electronic air-time recharges as described above, as well as by better pricing strategies and improved commercial terms with our supplier partners, and by growth coming from higher-margin categories such as alternative beverages, juices and water, among others.

**Income from operations** increased 39.4% over 1Q07 to Ps. 371 million in 1Q08 due to operating leverage achieved from strong top-line growth. Operating expenses increased 18.4% to Ps. 2,576 million. Administrative expenses increased 4.6% over 1Q07 to Ps. 203 million. Selling expenses as a percentage of total revenues increased to 22.2% in 1Q08, mainly due to an increase in energy costs and maintenance expenses at the store level. They also reflect the initial expenses related to the strengthening of OXXO's organizational structure. Operating margin expanded 60 basis points over 1Q07 reaching 3.5%, driven by gross margin expansion which more than offset the increase in operating expenses.

## **Recent Developments**

### **FEMSA Shareholder Meetings**

On April 22 2008, FEMSA held its Annual Ordinary General Shareholders Meeting, during which shareholders approved the payment of a dividend in the amount of Ps. 1,620 million. The dividend will be paid as of May 8, 2008 in the amount of Ps. 0.100985875 per each Series "D" share and Ps. 0.0807887 per each Series "B" share, corresponding to Ps. 0.4847322 per "BD" Unit (BMV: FEMSAUBD), which is equivalent to Ps. 4.847322 per ADR (NYSE: FMX) and Ps. 0.4039435 per "B" Unit (BMV: FEMSAUB). In addition, shareholders approved the proposals to maintain the current unit structure for our shares, and to maintain our existing share structure beyond May 11, 2008. In order to maintain this unchanged share and unit structure, our shareholders also voted for the amendment of the Company's bylaws.

### **Main Implications from Changes in Mexican Financial Reporting Standards**

Beginning on January 1st 2008, in accordance with changes in the Mexican Financial Reporting Standards NIF B-10 "inflation effects", the company discontinued the use of inflation accounting for our subsidiaries where cumulative inflation for the three preceding years is less than 26% (Mexico, Guatemala, Panama, Colombia and Brazil). 2008 figures for these countries are in nominal pesos. Accordingly for the rest of our subsidiaries, Nicaragua, Costa Rica, Venezuela and Argentina, where the inflation of the same period is 26% or more, we will continue applying the inflation accounting methodologies during 2008. For comparison purposes, the figures for 2007 have been restated in Mexican pesos with purchasing power as of December 31, 2007, taking into account local inflation for each country with reference to the consumer price index and converted from local currency into Mexican pesos using the official exchange rate at the end of the period published by the local central bank of each country. Additionally, for tax purposes, the adoption of this new pronouncement impacts the effective tax rate since we continue applying the Mexican inflation rate to the taxable income computation.

### **FEMSA - External Auditor Rotation**

On February 27, 2008 we announced that our Board of Directors approved the rotation of our independent auditor, following the recommendation of our Audit Committee and continuing with our corporate governance best practices. Therefore, beginning in 2008 the independent auditor for the company and its subsidiaries is Ernst & Young. Deloitte was responsible for the independent auditor's report on FEMSA's 2007 financial statements and will continue providing several other services to our company.





**CONFERENCE CALL INFORMATION:**

Our First Quarter 2008 Conference Call will be held on: Monday April 28, 2008, 10:00 AM Eastern Time (9:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic US: (1-888)-256-9134, International: (1-913)-312-9308. The conference call will be webcast live through streaming audio. For details please visit [www.femsa.com/investor](http://www.femsa.com/investor).

If you are unable to participate live, the conference call replay will be available through May 5, 2008; dialing Domestic US: (1-888) 203-1112, International: (719) 457-0820 using passcode:3892624. Additionally, the conference call audio will be available on <http://ir.femsa.com/results.cfm>

We are a holding company whose principal activities are grouped under the following sub-holding companies and carried out by their respective operating subsidiaries: Coca-Cola FEMSA, S.A.B. de C.V., which engages in the production, distribution and marketing of non-alcoholic beverages; FEMSA Cerveza, S.A. de C.V., which engages in the production, distribution and marketing of beer and flavored alcoholic beverages; and FEMSA Comercio, S.A. de C.V., which engages in the operation of convenience stores.

The translations of Mexican pesos into US dollars are included solely for the convenience of the reader, using the noon day buying rate for pesos as published by the Federal Reserve Bank of New York at March 31, 2008, which was 10.6300 Mexican pesos per US dollar.

**FORWARD LOOKING STATEMENTS**

*This report may contain certain forward-looking statements concerning our future performance that should be considered as good faith estimates made by us. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact our actual performance.*

Six pages of tables and Coca-Cola FEMSA's press release to follow

**FEMSA**  
**Consolidated Income Statement**  
**For the first quarter of:**  
**Millions of Pesos**

|                                        | 2008 (A) | % of rev. | 2007 (B) | % of rev. | % Increase |
|----------------------------------------|----------|-----------|----------|-----------|------------|
| Total revenues                         | 36,181   | 100.0     | 33,389   | 100.0     | 8.4        |
| Cost of sales                          | 19,904   | 55.0      | 18,689   | 56.0      | 6.5        |
| Gross profit                           | 16,277   | 45.0      | 14,700   | 44.0      | 10.7       |
| Administrative expenses                | 2,197    | 6.1       | 2,168    | 6.5       | 1.3        |
| Selling expenses                       | 10,100   | 27.9      | 9,203    | 27.5      | 9.7        |
| Operating expenses                     | 12,297   | 34.0      | 11,371   | 34.0      | 8.1        |
| Income from operations                 | 3,980    | 11.0      | 3,329    | 10.0      | 19.6       |
| Other expenses                         | (319)    |           | (208)    |           | 53.4       |
| Interest expense                       | (1,171)  |           | (1,140)  |           | 2.7        |
| Interest income                        | 157      |           | 190      |           | (17.4)     |
| Interest expense, net                  | (1,014)  |           | (950)    |           | 6.7        |
| Foreign exchange (loss) gain           | 111      |           | 13       |           | N.S.       |
| Gain on monetary position              | 109      |           | 379      |           | (71.2)     |
| Unhedged derivative instrument<br>loss | 123      |           | (28)     |           | N.S.       |
| Integral result of financing           | (671)    |           | (586)    |           | 14.5       |
| Income before income tax               | 2,990    |           | 2,535    |           | 17.9       |
| Income tax                             | (952)    |           | (785)    |           | 21.3       |
| Net income                             | 2,038    |           | 1,750    |           | 16.5       |
| Net majority income                    | 1,292    |           | 1,142    |           | 13.1       |
| Net minority income                    | 746      |           | 608      |           | 22.7       |

(A) Average Mexican Pesos of 2008.

(B) Constant Mexican Pesos as of December 31, 2007

**EBITDA & CAPEX**

|                        |       |      |       |      |      |
|------------------------|-------|------|-------|------|------|
| Income from operations | 3,980 | 11.0 | 3,329 | 10.0 | 19.6 |
| Depreciation           | 1,166 | 3.2  | 1,062 | 3.2  | 9.8  |
| Amortization & other   | 990   | 2.8  | 917   | 2.7  | 8.0  |
| EBITDA                 | 6,136 | 17.0 | 5,308 | 15.9 | 15.6 |
| CAPEX                  | 1,970 |      | 1,904 |      | 3.5  |

**FINANCIAL RATIOS**

|                                  | 2008   | 2007   | Var. p.p. |
|----------------------------------|--------|--------|-----------|
| Liquidity <sup>(1)</sup>         | 1.07   | 1.07   | (0.01)    |
| Interest coverage <sup>(2)</sup> | 6.05   | 5.59   | 0.46      |
| Leverage <sup>(3)</sup>          | 0.81   | 1.01   | (0.20)    |
| Capitalization <sup>(4)</sup>    | 33.01% | 38.18% | (5.17)    |

(1) Total current assets / total current liabilities.

(2) Income from operations + depreciation + amortization & other / interest expense, net.

(3) Total liabilities / total stockholders' equity.

(4) Total debt / long-term debt + stockholders' equity.

Total debt = short-term bank loans + current maturities long-term debt + long-term bank loans and notes payable.

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**FEMSA**  
**Consolidated Balance Sheet**  
**As of March 31:**  
**Millions of Pesos**

| <b>ASSETS</b>                                     | <b>2008 (A)</b> | <b>2007 (B)</b> | <b>% Increase</b> |
|---------------------------------------------------|-----------------|-----------------|-------------------|
| Cash and cash equivalents                         | 11,489          | 10,510          | 9.3               |
| Accounts receivable                               | 8,325           | 6,738           | 23.6              |
| Inventories                                       | 10,303          | 8,839           | 16.6              |
| Prepaid expenses and other                        | 5,208           | 3,664           | 42.1              |
| Total current assets                              | 35,325          | 29,751          | 18.7              |
| Property, plant and equipment, net                | 55,059          | 52,878          | 4.1               |
| Intangible assets <sup>(1)</sup>                  | 60,307          | 58,758          | 2.6               |
| Deferred assets                                   | 9,099           | 9,039           | 0.7               |
| Other assets                                      | 7,551           | 6,281           | 20.2              |
| <b>TOTAL ASSETS</b>                               | <b>167,341</b>  | <b>156,707</b>  | <b>6.8</b>        |
| <br><b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b> |                 |                 |                   |
| Bank loans                                        | 4,167           | 3,529           | 18.1              |
| Current maturities long-term debt                 | 5,878           | 2,494           | N.S.              |
| Interest payable                                  | 482             | 457             | 5.5               |
| Operating liabilities                             | 22,445          | 21,396          | 4.9               |
| Total current liabilities                         | 32,972          | 27,876          | 18.3              |
| Long-term debt                                    | 30,492          | 38,345          | (20.5)            |
| Deferred income taxes                             | 3,439           | 3,850           | (10.7)            |
| Labor liabilities                                 | 2,321           | 3,367           | (31.1)            |
| Other liabilities                                 | 5,811           | 5,410           | 7.4               |
| Total liabilities                                 | 75,035          | 78,848          | (4.8)             |
| Total stockholders' equity                        | 92,306          | 77,859          | 18.6              |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       | <b>167,341</b>  | <b>156,707</b>  | <b>6.8</b>        |

<sup>(1)</sup> Includes mainly the intangible assets generated by acquisitions.

<sup>(A)</sup> Mexican Pesos for the end of 2008.

<sup>(B)</sup> Constant Mexican Pesos as of December 31, 2007

| <b>DEBT MIX</b>              | <b>Ps.</b> | <b>March 31, 2008</b> | <b>Average Rate</b> |
|------------------------------|------------|-----------------------|---------------------|
|                              |            | <b>% Integration</b>  |                     |
| Denominated in:              |            |                       |                     |
| Mexican pesos                | 30,364     | 74.9%                 | 9.2%                |
| Dollars                      | 9,412      | 23.2%                 | 5.4%                |
| Argentinan pesos             | 490        | 1.2%                  | 11.0%               |
| Brazilian Reals              | 271        | 0.7%                  | 11.6%               |
| Total debt                   | 40,537     | 100.0%                | 8.4%                |
| Fixed rate <sup>(1)</sup>    | 30,364     | 74.9%                 |                     |
| Variable rate <sup>(1)</sup> | 10,173     | 25.1%                 |                     |

| <b>% of Total Debt</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014+</b> |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|

|                              |       |       |      |      |       |       |       |
|------------------------------|-------|-------|------|------|-------|-------|-------|
| <b>DEBT MATURITY PROFILE</b> | 24.0% | 13.5% | 7.4% | 5.1% | 17.7% | 15.7% | 16.6% |
|------------------------------|-------|-------|------|------|-------|-------|-------|

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**Coca-Cola FEMSA**  
**Results of Operations**  
**For the first quarter of:**  
**Millions of Pesos**

|                         | 2008 <sup>(A)</sup> | % of rev. | 2007 <sup>(B)</sup> | % of rev. | % Increase |
|-------------------------|---------------------|-----------|---------------------|-----------|------------|
| Total revenues          | 17,257              | 100.0     | 16,225              | 100.0     | 6.4        |
| Cost of sales           | 8,986               | 52.1      | 8,675               | 53.5      | 3.6        |
| Gross profit            | 8,271               | 47.9      | 7,550               | 46.5      | 9.5        |
| Administrative expenses | 912                 | 5.3       | 841                 | 5.2       | 8.4        |
| Selling expenses        | 4,541               | 26.3      | 4,273               | 26.3      | 6.3        |
| Operating expenses      | 5,453               | 31.6      | 5,114               | 31.5      | 6.6        |
| Income from operations  | 2,818               | 16.3      | 2,436               | 15.0      | 15.7       |
| Depreciation            | 435                 | 2.5       | 408                 | 2.5       | 6.6        |
| Amortization & other    | 316                 | 1.8       | 349                 | 2.2       | (9.5)      |
| EBITDA                  | 3,569               | 20.7      | 3,193               | 19.7      | 11.8       |
| Capital expenditures    | 521                 |           | 567                 |           | (8.0)      |

(A) Average Mexican Pesos of 2008.

(B) Constant Mexican Pesos as of December 31, 2007

**Sales volumes**

**(Millions of unit cases)**

|             |       |       |       |       |     |
|-------------|-------|-------|-------|-------|-----|
| Mexico      | 264.0 | 51.0  | 251.7 | 50.5  | 4.9 |
| Latincentro | 130.2 | 25.1  | 128.6 | 25.8  | 1.3 |
| Mercosur    | 123.5 | 23.9  | 118.5 | 23.8  | 4.2 |
| Total       | 517.7 | 100.0 | 498.8 | 100.0 | 3.8 |

**FEMSA Cerveza**  
**Results of Operations**  
**For the first quarter of:**  
**Millions of Pesos**

|                         | 2008 <sup>(A)</sup> | % of rev. | 2007 <sup>(B)</sup> | % of rev. | % Increase |
|-------------------------|---------------------|-----------|---------------------|-----------|------------|
| Sales:                  |                     |           |                     |           |            |
| Mexico                  | 6,192               | 68.0      | 5,710               | 66.9      | 8.4        |
| Brazil                  | 1,378               | 15.1      | 1,381               | 16.2      | (0.2)      |
| Export                  | 764                 | 8.4       | 710                 | 8.3       | 7.6        |
| Beer sales              | 8,334               | 91.5      | 7,801               | 91.4      | 6.8        |
| Other revenues          | 777                 | 8.5       | 730                 | 8.6       | 6.4        |
| Total revenues          | 9,111               | 100.0     | 8,531               | 100.0     | 6.8        |
| Cost of sales           | 4,288               | 47.1      | 4,030               | 47.2      | 6.4        |
| Gross profit            | 4,823               | 52.9      | 4,501               | 52.8      | 7.2        |
| Administrative expenses | 998                 | 11.0      | 1,049               | 12.3      | (4.9)      |
| Selling expenses        | 3,152               | 34.5      | 2,956               | 34.7      | 6.6        |
| Operating expenses      | 4,150               | 45.5      | 4,005               | 47.0      | 3.6        |
| Income from operations  | 673                 | 7.4       | 496                 | 5.8       | 35.7       |
| Depreciation            | 417                 | 4.6       | 421                 | 4.9       | (1.0)      |
| Amortization & other    | 658                 | 7.2       | 557                 | 6.6       | 18.1       |
| EBITDA                  | 1,748               | 19.2      | 1,474               | 17.3      | 18.6       |
| Capital expenditures    | 1,059               |           | 909                 |           | 16.5       |

(A) Average Mexican Pesos of 2008.

(B) Constant Mexican Pesos as of December 31, 2007

**Sales volumes**  
**(Thousand hectoliters)**

|         |         |       |         |       |      |
|---------|---------|-------|---------|-------|------|
| Mexico  | 6,062.1 | 65.7  | 5,658.1 | 65.2  | 7.1  |
| Brazil  | 2,405.7 | 26.0  | 2,337.4 | 26.9  | 2.9  |
| Exports | 768.8   | 8.3   | 682.5   | 7.9   | 12.6 |
| Total   | 9,236.6 | 100.0 | 8,678.0 | 100.0 | 6.4  |

**Price per hectoliter**

|         |         |  |         |  |       |
|---------|---------|--|---------|--|-------|
| Mexico  | 1,021.4 |  | 1,009.2 |  | 1.2   |
| Brazil  | 572.8   |  | 590.8   |  | (3.0) |
| Exports | 993.7   |  | 1,040.3 |  | (4.5) |
| Total   | 902.3   |  | 898.9   |  | 0.4   |



**FEMSA Comercio**  
**Results of Operations**  
**For the first quarter of:**  
**Millions of Pesos**

|                         | 2008 (A) | % of rev. | 2007 (B) | % of rev. | % Increase |
|-------------------------|----------|-----------|----------|-----------|------------|
| Total revenues          | 10,687   | 100.0     | 9,183    | 100.0     | 16.4       |
| Cost of sales           | 7,740    | 72.4      | 6,741    | 73.4      | 14.8       |
| Gross profit            | 2,947    | 27.6      | 2,442    | 26.6      | 20.7       |
| Administrative expenses | 203      | 1.9       | 194      | 2.1       | 4.6        |
| Selling expenses        | 2,373    | 22.2      | 1,982    | 21.6      | 19.7       |
| Operating expenses      | 2,576    | 24.1      | 2,176    | 23.7      | 18.4       |
| Income from operations  | 371      | 3.5       | 266      | 2.9       | 39.4       |
| Depreciation            | 158      | 1.5       | 126      | 1.4       | 25.4       |
| Amortization & other    | 111      | 1.0       | 108      | 1.1       | 2.8        |
| EBITDA                  | 640      | 6.0       | 500      | 5.4       | 28.0       |
| Capital expenditures    | 368      |           | 390      |           | (5.7)      |

(A) Average Mexican Pesos of 2008.

(B) Constant Mexican Pesos as of December 31, 2007

**Information of Convenience Stores**

|                                 |       |  |       |  |        |
|---------------------------------|-------|--|-------|--|--------|
| Total stores                    | 5,636 |  | 4,938 |  | 14.1   |
| Net new convenience stores:     |       |  |       |  |        |
| vs. March prior year            | 698   |  | 724   |  | (3.6)  |
| vs. December prior year         | 73    |  | 91    |  | (19.8) |
| Same store data: <sup>(1)</sup> |       |  |       |  |        |
| Sales (thousands of pesos)      | 611.8 |  | 582.3 |  | 5.1    |
| Traffic                         | 22.8  |  | 19.9  |  | 14.5   |
| Ticket                          | 26.8  |  | 29.2  |  | (8.2)  |

<sup>(1)</sup> Monthly average information per store, considering same stores with at least 13 months of operations.

**FEMSA**  
**Macroeconomic Information**

|           | <b>Inflation</b>                     |                                         | <b>Exchange Rate</b>        |                         |                             |                         |
|-----------|--------------------------------------|-----------------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
|           | <b>March 07 -<br/>March<br/>2008</b> | <b>December<br/>07 -<br/>March 2008</b> | <b>as of March 31, 2008</b> |                         | <b>as of March 31, 2007</b> |                         |
|           |                                      |                                         | <b>Per USD</b>              | <b>Per Mx.<br/>Peso</b> | <b>Per USD</b>              | <b>Per Mx.<br/>Peso</b> |
| Mexico    | 3.93%                                | 1.18%                                   | 10.6962                     | 1.0000                  | 11.0507                     | 1.0000                  |
| Colombia  | 5.60%                                | 3.09%                                   | 1,821.60                    | 0.0059                  | 2,190.30                    | 0.0050                  |
| Venezuela | 30.33%                               | 9.24%                                   | 2.15                        | 4.9750                  | 2.15                        | 5.1399                  |
| Brazil    | 5.83%                                | 2.02%                                   | 1.7491                      | 6.1153                  | 2.0504                      | 5.3895                  |
| Argentina | 8.60%                                | 2.34%                                   | 3.1680                      | 3.3763                  | 3.1000                      | 3.5647                  |

**2008 FIRST-QUARTER RESULTS**

|                                          | 2008   | First Quarter<br>2007 | Δ%    |
|------------------------------------------|--------|-----------------------|-------|
| Total Revenues                           | 17,257 | 16,225                | 6.4%  |
| Gross Profit                             | 8,271  | 7,550                 | 9.5%  |
| Operating Income                         | 2,818  | 2,436                 | 15.7% |
| Majority Net Income                      | 1,621  | 1,230                 | 31.8% |
| EBITDA <sup>(1)</sup>                    | 3,569  | 3,193                 | 11.8% |
| Net Debt <sup>(2)</sup>                  | 10,741 | 11,374                | -5.6% |
| EBITDA <sup>(1)</sup> / Interest Expense | 7.03   | 6.32                  |       |
| Earnings per Share                       | 0.88   | 0.67                  |       |
| Capitalization <sup>(3)</sup>            | 27.5%  | 29.2%                 |       |

Expressed in million of Mexican pesos. Figures of 2007 are expressed with purchasing power as of December 31, 2007

(1) EBITDA = Operating income + Depreciation + Amortization & Other Non-cash Charges.

See reconciliation table on page 10 except for Earnings per Share

(2) Net Debt = Total Debt - Cash

(3) Total debt / (long-term debt + stockholders' equity)

- Total revenues reached Ps. 17,257 million in the first quarter of 2008, an increase of 6.4% compared to the first quarter of 2007.

- Driven by double digit growth from all of our divisions, led by our Mexico Division, consolidated operating income increased 15.7% to Ps. 2,818 million for the first quarter of 2008. Our operating margin was 16.3% for the first quarter of 2008.

- Consolidated majority net income increased 31.8% to Ps. 1,621 million in the first quarter of 2008, resulting in earnings per share of Ps. 0.88 for the first quarter of 2008.

Mexico City (April 25, 2008), Coca-Cola FEMSA, S.A.B. de C.V. (BMV: KOFL, NYSE: KOF) (“Coca-Cola FEMSA” or the “Company”), the largest Coca-Cola bottler in Latin America and the second-largest Coca-Cola bottler in the world in terms of sales volume, announces results for the first quarter of 2008.

“Our winning execution reinforced our positive performance for the first quarter. Our continued growth in our Mexico division, coupled with strong results from our Latincentro and Mercosur divisions, drove an increase in operating income of more than 15 percent. Mexico’s favorable sweetener environment contributed importantly to our consolidated performance. Consequently, our Mexico division was a more important driver of our quarterly growth than the preceding year. We have also gradually rolled out the distribution of Jugos del Valle brand

juice-based beverages in our Mexico division through the traditional mom-and-pop sales channel; for the quarter, we sold almost 3 million unit cases,” said Carlos Salazar Lomelin, Chief Executive Officer of the company.

## CONSOLIDATED RESULTS

*Until December 31 2007, we applied inflationary accounting for all of our operations. Beginning January 1, 2008, in accordance to changes with the Mexican Financial Reporting Standards, related to inflation effects, the company discontinued inflation accounting for its subsidiaries in Mexico, Guatemala, Panama, Colombia and Brazil. For the rest of its subsidiaries (Argentina, Venezuela, Costa Rica and Nicaragua) we will continue applying the inflationary accounting method. The figures for 2007 have been restated in Mexican pesos with purchasing power at December 31, 2007 (instead of March 31, 2008 as would have been the case under the previous methodology) taking into account local inflation of each country with reference to the consumer price index and converted from local currency to Mexican pesos using the official exchange rate of December 31, 2007 published by the local central bank of each country.*

*Beginning with the first quarter of 2008, we have decided to align our quarterly disclosure based on the way we manage the business. We have regrouped our operations into three divisions: (i) Mexico division, (ii) our Latincentro division, which is comprised by the territories we operate in Colombia, Venezuela, Guatemala, Nicaragua, Costa Rica and Panama, and (iii) our Mercosur division, which is comprised by the territories we operate in Brazil and Argentina.*

Our consolidated total revenues increased 6.4% to Ps. 17,257 million in the first quarter of 2008, compared to the first quarter of 2007, as a result of increases in most of our territories. Our consolidated average price per unit case increased 2.0% to Ps. 32.51 (US\$ 3.06) in the first quarter of 2008 compared to the same period of 2007, as a result of higher average prices in all of our divisions.

Total sales volume increased 3.8% to 517.7 million unit cases in the first quarter of 2008 as compared to the same period of 2007, mainly driven by a 4.1% volume growth of brand *Coca-Cola*, which accounted for more than 60% of our total incremental volumes during the quarter. Sparkling beverages sales volume grew 3.2% to 434.6 million unit cases, driven by volume growth across most of our divisions. Still beverages sales volume grew 20.0% to 12.0 million unit cases due to incremental volumes from brand *Jugos del Valle* in our Mexico division.

Our gross profit increased 9.5% to Ps. 8,271 million in the first quarter of 2008, compared to the first quarter of 2007, driven by increases in all of our divisions. Gross margin reached 47.9% in the first quarter of 2008 from 46.5% in the same period of 2007. Lower sweetener costs in our main operations, in conjunction with lower PET (polyethylene terephthalate) costs in the Mercosur division, more than compensated for higher PET prices in our Mexico and Latincentro divisions.

Our consolidated operating income increased 15.7% to Ps. 2,818 million in the first quarter of 2008. We posted double-digit increases in operating income in all of our divisions, including growth in operating income in Mexico for the third quarter in a row. Our operating margin was 16.3% in the first quarter of 2008, an improvement of 130 basis points as a result of higher revenues and lower sweetener costs in the Mexico and Mercosur divisions combined with stable operating expenses as a percentage of sales.

Our integral cost of financing in the first quarter of 2008 recorded an expense of Ps. 222 million as compared to an expense of Ps. 291 million in the same period of 2007, mainly due to a foreign exchange gain driven by the appreciation of the Mexican Peso as applied to our dollar denominated net liabilities, which more than compensated for a less favorable monetary position driven by the non-inflationary accounting applied to certain divisions of our business.

During the first quarter of 2008, income tax, as a percentage of income before taxes, was 31.1%, compared to 34.3% in the same quarter of 2007 driven by tax credits received during the first quarter of 2008, which eventually reduced

the taxable base.

Our consolidated majority net income increased by 31.8% to Ps. 1,621 million in the first quarter of 2008 compared to the first quarter of 2007, driven by an increase in our operating income and lower integral cost of financing recorded this quarter compared to the first quarter of 2007. Earnings per share (EPS) were Ps. 0.88 (US\$ 0.83 per ADR) computed on the basis of 1,846.5 million shares outstanding (each ADR represents 10 local shares).

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**BALANCE SHEET**

As of March 31, 2008, Coca-Cola FEMSA had a cash balance of Ps. 7,635 million (US\$ 718 million), an increase of Ps. 93 million (US\$ 9 million), compared to December 31, 2007, as a result of cash flow generated by the Company during the quarter.

Total short-term bank debt, was Ps. 4,361 million (US\$ 410 million) and long-term debt was Ps. 14,015 million (US\$ 1,318 million). Total debt decreased Ps. 540 million <sup>(1)</sup> (US\$ 51 million) compared with year end 2007. Net debt decreased approximately Ps. 633 million (US\$ 60 million) compared to year end 2007, due to payment of bank debt with cash generated by the Company.

The weighted average cost of debt for the quarter was 7.73%. The following charts sets forth the Company's debt profile by currency and interest rate type and by maturity date as of March 31, 2008:

| <b>Currency</b> | <b>% Total Debt<sup>(1)</sup></b> | <b>% Interest Rate Floating<sup>(1)</sup></b> |
|-----------------|-----------------------------------|-----------------------------------------------|
| U.S. dollars    | 41.4%                             | 58.9%                                         |
| Mexican pesos   | 56.0%                             | 17.4%                                         |
| Argentine pesos | 2.7%                              | 0.0%                                          |

<sup>(1)</sup> After giving effect to cross-currency and interest rate swaps.

**Debt maturity profile**

| <b>Maturity Date</b>   | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013 +</b> |
|------------------------|-------------|-------------|-------------|-------------|-------------|---------------|
| <b>% of Total Debt</b> | 23.8%       | 19.7%       | 5.5%        | 0.0%        | 20.5%       | 30.6%         |

**Consolidated Cash Flow**

Expressed in million of Mexican pesos (PS.) and U.S. dollars (USD) as of March 31, 2008

|                                                    | <b>Jan - Mar 2008</b> |             |
|----------------------------------------------------|-----------------------|-------------|
|                                                    | <b>Ps.</b>            | <b>USD</b>  |
| Net Income                                         | 1,661                 | 156         |
| Non cash charges to net income                     | 441                   | 42          |
|                                                    | <b>2,102</b>          | <b>198</b>  |
| Change in working capital                          | (749)                 | (71)        |
| <b>Resources Generated by Operating Activities</b> | <b>1,354</b>          | <b>127</b>  |
| <b>Total Investments</b>                           | <b>(725)</b>          | <b>(68)</b> |
| Debt decrease (1)                                  | (499)                 | (47)        |
| <b>Increase in cash and cash equivalents</b>       | <b>129</b>            | <b>12</b>   |
| Cash and cash equivalents at beginning of period   | 7,542                 | 710         |
| Translation Effect                                 | (36)                  | (3)         |
| Cash and cash equivalents at end of period         | 7,635                 | 719         |

<sup>(1)</sup> The difference between the reduction in debt of the balance sheet of Ps. 540 million, and the debt decrease in nominal terms presented in the cash flow of Ps. 499 million, is related to the inflation effect and foreign exchange impact presented separately in accordance to changes with the Mexican Financial Reporting Standards related to cash flow, effective as of January 1, 2008.





## **MEXICO DIVISION OPERATING RESULTS**

*In November 2007, Coca-Cola FEMSA together with The Coca-Cola Company and the rest of the bottlers in Mexico acquired 100% of Jugos de Valle S.A.B de C.V.. As of February 2008, Coca-Cola FEMSA is distributing the Jugos del Valle portfolio in its Mexico division through the traditional channel. Volume, average price per unit case and cost of goods sold related to these products will be recorded in our Consolidated and Mexico income statements.*

### ***Revenues***

Total revenues from our Mexico division increased 6.7% to Ps. 7,770 million in the first quarter of 2008, as compared to the same period of the previous year. Incremental volumes accounted for more than 70% of the incremental revenues during the quarter and higher price per unit case represented the balance. Average price per unit case increased 1.8% to Ps. 29.31 (US\$ 2.76), as compared to the first quarter of 2007 reflecting revenues from *Jugos del Valle* products, which carry a higher price per unit case. Excluding bulk water under the brand *Ciel*, our average price per unit case was Ps. 34.35 (US\$ 3.23), a 2.1% increase as compared to the same period of 2007.

Total sales volume increased 4.9% to 264.0 million unit cases in the first quarter of 2008, as compared to the first quarter of 2007, resulting from (i) a 3.1% sales volume growth in sparkling beverages, driven by a 4.4% increase in brand Coca-Cola, (ii) sales volume growth in bulk water and (iii) incremental volumes in the still beverage category driven by the *Jugos del Valle* product line.

### ***Operating Income***

Our gross profit increased by 7.6% to Ps. 3,959 million in the first quarter of 2008 as compared to the same period of 2007. Gross margin increased from 50.6% in the first quarter of 2008 to 51.0% in the same period of 2008, as a result of lower sweetener costs year-over-year, which more than compensated for higher PET costs and the second stage of the previously announced concentrate increase.

Operating income increased 11.2% to Ps. 1,364 million in the first quarter of 2008, as compared to Ps. 1,227 million in the same period of 2007 as a result of (i) higher revenues, (ii) lower cost of sugar and (iii) stable operating expenses, as compared to the same period of 2007. Our operating margin was 17.6% in the first quarter of 2008, an increase of 70 basis points as compared to the same period of 2007.

**LATINCENTRO DIVISION OPERATING RESULTS (Colombia, Venezuela, Guatemala, Nicaragua, Costa Rica and Panama)**

***Revenues***

Total revenues reached Ps. 5,351 million in the first quarter of 2008, an increase of 3.0% compared to the same period of 2007. Higher average price per unit case accounted for more than 60% of the incremental revenues during the quarter and incremental volumes represented the balance. Our average price per unit case increased by 1.8% to Ps. 41.06 (US\$ 3.80) in the first quarter of 2008, as compared to the first quarter of 2007, as a result of higher pricing implemented during the year combined with strong volume growth in non-returnable presentations, which carry a higher average price per unit case.

Total sales volume in our Latincentro division grew 1.2% to 130.2 million unit cases in the first quarter of 2008, as compared to the same period of 2007, resulting from incremental volumes in the sparkling beverage category, which accounted for more than 75% of the growth; the balance was comprised mainly by still beverages. In the first quarter of 2008, incremental volumes from Central America and Venezuela compensated for a slight volume decrease in Colombia.

***Operating Income***

Gross profit reached Ps. 2,444 million, an increase of 7.6% in the first quarter of 2008, as compared to the same period of 2007, driven by lower sweetener costs in our main operations, combined with the yearly appreciation of the Colombian Peso as applied to U.S. dollar-denominated raw materials. Gross margin increased from 43.7% in the first quarter of 2007 to 45.7% in the same period of 2008.

Our operating income increased 27.6% to Ps. 750 million in the first quarter of 2008, as compared to the first quarter of 2007 as a result of higher revenues combined with lower costs of sales and stable operating expenses, as compared to the same period of 2007. Our operating margin reached 14.0% in the first quarter of 2008, expanding 270 basis points as compared to the same period of 2007.

## **MERCOSUR DIVISION OPERATING RESULTS (Brazil and Argentina)**

### ***Revenues***

Net revenues increased 9.1% to Ps. 4,070 million in the first quarter of 2008, as compared to the same period of 2007. Excluding beer, net revenues increased 8.3% to Ps. 3,746 million in the first quarter of 2008, as compared to the same period of 2007, driven by volume growth and higher average price per unit case in the same proportion. Excluding beer, average price per unit case increased 3.9% to Ps. 30.34 (US\$ 2.85) during the first quarter of 2008. Total revenues from beer in Brazil were Ps. 324 million in the first quarter of 2008.

Sales volume, excluding beer, increased 4.2% to 123.5 million unit cases in the first quarter of 2008, as compared to the first quarter of 2007. Sparkling beverages sales volume growth accounted for more than 90% of the incremental volumes, mainly driven by brand Coca-Cola in multi-serve presentations and the strong performance of *Coca-Cola Zero*. Brazil contributed to almost 60% of incremental volumes and Argentina represented the balance.

### ***Operating Income***

In the first quarter of 2008, our gross profit increased 16.9% to Ps. 1,868 million, as compared to the same period of the previous year. Lower average cost per unit case resulting from lower sweetener costs, combined with lower PET bottle costs due to the appreciation of the Brazilian Real as applied to our U.S. dollar-denominated raw materials, contributed to a gross margin improvement of 260 basis points to 45.2% in the first quarter of 2008.

Operating income increased 13.4% reaching Ps. 704 million in the first quarter of 2008, as compared to Ps. 621 million in the same period of 2007. Our operating margin was 17.0% in the first quarter of 2008, an increase of 40 basis points as compared to the first quarter of 2007, due to an expansion in gross margin that more than compensated for expenses relating to (i) higher labor costs in Argentina, (ii) an increase in sales force to strengthen our presence and execution in certain retail segments and (ii) improving our go-to-market execution in Brazil.

## RECENT DEVELOPMENTS

- Figures of the company are prepared in accordance with Mexican Financial Reporting Standards (Mexican FRS). All figures are expressed in Mexican pesos. Beginning January 1, 2008, the Mexican NIF B-10 “efectos de la inflación” (inflation effects) was modified and defines two economic environments as follows:
  - a. Inflationary environment, when cumulative inflation of three consecutive years is 26% or more, in which case, the effects of inflation should be recognized.
  - b. Non - inflationary environment, when cumulative inflation of three preceding years is less than 26%, in which case no inflationary effects should be recognized.

Until December 31, 2007, we applied inflationary accounting for all of our operations. Beginning January 1, 2008, based on current levels of inflation, the company discontinued inflation accounting for its subsidiaries in Mexico, Guatemala, Panama, Colombia and Brazil. For the rest of its subsidiaries (Argentina, Venezuela, Costa Rica and Nicaragua) we will continue applying the inflationary accounting method. For comparison purposes, the figures for 2007 have been restated in Mexican pesos with purchasing power at December 31, 2007 (instead of March 31, 2008 as would have been the case under the previous methodology) taking into account local inflation of each country with reference to the consumer price index and converted from local currency to Mexican pesos using the official exchange rate at the end of the period published by the local central bank of each country.

- On April 8, 2008 Coca-Cola FEMSA held its Annual General Ordinary Shareholders Meeting, at which shareholders approved the annual report presented by the Board of Directors, the consolidated financial statements for the year ended December 31, 2007, the dividend declared for fiscal year 2007 and the composition of the Board of Directors for 2008. Shareholders approved the payment of a dividend in the amount of Ps. 945 million. The dividend will be paid on May 6, 2008 in the amount of Ps. 0.5120 for each ordinary share, equivalent to Ps. 5.12 per ADR, an increase of 12% in real terms as compared to the dividend paid for 2006.
- On February 27, 2008 Coca-Cola FEMSA announced that its Board of Directors approved the rotation of Coca-Cola FEMSA’s independent auditor, following the recommendation of its Audit Committee and continuing with our corporate governance best practices. Therefore, beginning in 2008 the independent auditor for the company and its subsidiaries will be Ernst & Young. Deloitte will continue to be responsible for the independent auditor’s report on Coca-Cola FEMSA’s 2007 financial statements and will continue providing several other services to our company.

## CONFERENCE CALL INFORMATION

Our first-quarter 2008 Conference Call will be held on: April 25, 2008, at 11:00 A.M. Eastern Time (10:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 866-700-7477 or International: 617-213-8840. We invite investors to listen to the live audiocast of the conference call on the Company's website, [www.coca-colafemsa.com](http://www.coca-colafemsa.com)

If you are unable to participate live, an instant replay of the conference call will be available through May 2, 2008. To listen to the replay, please dial: Domestic U.S.: 888-286-8010 or International: 617-801-6888. Pass code: 23478878.

v v v

Coca-Cola FEMSA, S.A.B. de C.V. produces and distributes *Coca-Cola*, *Sprite*, *Fanta*, *Lift* and other trademark beverages of The Coca-Cola Company in Mexico (a substantial part of central Mexico, including Mexico City and southeast Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul and part of the state of Goias) and Argentina (federal capital of Buenos Aires and surrounding areas), along with bottled water, beer and other beverages in some of these territories. The Company has 30 bottling facilities in Latin America and serves over 1,500,000 retailers in the region. The Coca-Cola Company owns a 31.6% equity interest in Coca-Cola FEMSA.

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This news release may contain forward-looking statements concerning Coca-Cola FEMSA's future performance and should be considered as good faith estimates by Coca-Cola FEMSA. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Coca-Cola FEMSA's control that could materially impact the Company's actual performance.

References herein to "US\$" are to United States dollars. This news release contains translations of certain Mexican peso amounts into U.S. dollars for the convenience of the reader. These translations should not be construed as representations that Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

U.S. dollar amounts in this report solely for the convenience of the reader have been translated from Mexican pesos at the noon day buying rate for pesos as published by the Federal Reserve Bank of New York at March 31, 2008, which exchange rate was Ps. 10.6300 to US \$ 1.00.

v v v

(6 pages of tables to follow)

**Consolidated Income Statement**

Expressed in million of Mexican pesos<sup>(1)</sup>, figures of 2007 are expressed with purchasing power as of December 31, 2007

|                                                             | 1Q 08  | % Rev | 1Q 07  | % Rev | Δ%      |
|-------------------------------------------------------------|--------|-------|--------|-------|---------|
| Sales Volume (million unit cases) <sup>(2)</sup>            | 517.7  |       | 498.8  |       | 3.8%    |
| Average price per unit case <sup>(2)</sup>                  | 32.51  |       | 31.86  |       | 2.0%    |
| Net revenues                                                | 17,153 |       | 16,162 |       | 6.1%    |
| Other operating revenues <sup>(5)</sup>                     | 104    |       | 63     |       | 65.1%   |
| Total revenues                                              | 17,257 | 100%  | 16,225 | 100%  | 6.4%    |
| Cost of sales                                               | 8,986  | 52.1% | 8,675  | 53.5% | 3.6%    |
| Gross profit                                                | 8,271  | 47.9% | 7,550  | 46.5% | 9.5%    |
| Operating expenses                                          | 5,453  | 31.6% | 5,114  | 31.5% | 6.6%    |
| Operating income                                            | 2,818  | 16.3% | 2,436  | 15.0% | 15.7%   |
| Other expenses, net                                         | 186    |       | 176    |       | 5.7%    |
| Interest expense                                            | 508    |       | 505    |       | 0.6%    |
| Interest income                                             | 135    |       | 144    |       | -6.3%   |
| Interest expense, net                                       | 373    |       | 361    |       | 3.3%    |
| Foreign exchange (gain) loss                                | (48)   |       | 99     |       | -148.5% |
| (Gain) on monetary position in<br>Inflationary subsidiaries | (111)  |       | (199)  |       | -44.2%  |
| Market value loss on ineffective<br>derivative instruments  | 8      |       | 30     |       | -73.3%  |
| Integral cost of financing                                  | 222    |       | 291    |       | -23.7%  |
| Income before taxes                                         | 2,410  |       | 1,969  |       | 22.4%   |
| Taxes                                                       | 749    |       | 676    |       | 10.8%   |
| Consolidated net income                                     | 1,661  |       | 1,293  |       | 28.5%   |
| Majority net income                                         | 1,621  | 9.4%  | 1,230  | 7.6%  | 31.8%   |
| Minority net income                                         | 40     |       | 63     |       | -36.5%  |
| Operating income                                            | 2,818  | 16.3% | 2,436  | 15.0% | 15.7%   |
| Depreciation                                                | 435    |       | 408    |       | 6.6%    |
| Amortization and other non-cash<br>charges <sup>(3)</sup>   | 316    |       | 349    |       | -9.5%   |
| EBITDA <sup>(4)</sup>                                       | 3,569  | 20.7% | 3,193  | 19.7% | 11.8%   |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> Sales volume and average price per unit case exclude beer results

<sup>(3)</sup> Includes returnable bottle breakage expense.

<sup>(4)</sup> EBITDA = Operating Income + depreciation, amortization & other non-cash charges.

<sup>(5)</sup> Since november 2007, we integrated Complejo Industrial CAN, S.A. (CICAN) a can bottling facility in Argentina.



Expressed in million of Mexican pesos, figures of 2007 are expressed with purchasing power as of December 31, 2007

| <b>Assets</b>                                     |            | <b>Mar 08</b> |            | <b>Dec 07</b> |
|---------------------------------------------------|------------|---------------|------------|---------------|
| <b>Current Assets</b>                             |            |               |            |               |
| Cash and cash equivalents                         | Ps.        | 7,635         | Ps.        | 7,542         |
| Total accounts receivable                         |            | 3,934         |            | 4,706         |
| Inventories                                       |            | 3,853         |            | 3,418         |
| Prepaid expenses and other                        |            | 2,117         |            | 1,792         |
| <b>Total current assets</b>                       |            | <b>17,539</b> |            | <b>17,458</b> |
| <b>Property, plant and equipment</b>              |            |               |            |               |
| Property, plant and equipment                     |            | 38,162        |            | 37,420        |
| Accumulated depreciation                          |            | (17,287)      |            | (16,672)      |
| Bottles and cases                                 |            | 1,236         |            | 1,175         |
| <b>Total property, plant and equipment, net</b>   |            | <b>22,111</b> |            | <b>21,923</b> |
| Investment in shares                              |            | 1,487         |            | 1,492         |
| Deferred charges, net                             |            | 1,242         |            | 1,255         |
| Intangibles assets and other assets               |            | 44,983        |            | 45,050        |
| <b>Total Assets</b>                               | <b>Ps.</b> | <b>87,362</b> | <b>Ps.</b> | <b>87,178</b> |
| <b>Liabilities and Stockholders' Equity</b>       |            |               |            |               |
| <b>Current Liabilities</b>                        |            |               |            |               |
| Short-term bank loans and notes                   | Ps.        | 4,361         | Ps.        | 4,814         |
| Interest payable                                  |            | 266           |            | 274           |
| Suppliers                                         |            | 5,648         |            | 6,100         |
| Other current liabilities                         |            | 4,870         |            | 5,009         |
| <b>Total Current Liabilities</b>                  |            | <b>15,145</b> |            | <b>16,197</b> |
| Long-term bank loans                              |            | 14,015        |            | 14,102        |
| Pension plan and seniority premium                |            | 628           |            | 993           |
| Other liabilities                                 |            | 4,849         |            | 5,105         |
| <b>Total Liabilities</b>                          |            | <b>34,637</b> |            | <b>36,397</b> |
| <b>Stockholders' Equity</b>                       |            |               |            |               |
| Minority interest                                 |            | 1,620         |            | 1,641         |
| Majority interest                                 |            |               |            |               |
| Capital stock                                     |            | 3,116         |            | 3,116         |
| Additional paid in capital                        |            | 13,333        |            | 13,333        |
| Retained earnings of prior years                  |            | 34,662        |            | 27,930        |
| Net income for the period                         |            | 1,621         |            | 6,908         |
| Cumulative results of holding non-monetary assets |            | (1,627)       |            | (2,147)       |
| <b>Total majority interest</b>                    |            | <b>51,105</b> |            | <b>49,140</b> |
| <b>Total stockholders' equity</b>                 |            | <b>52,725</b> |            | <b>50,781</b> |
| <b>Total Liabilities and Equity</b>               | <b>Ps.</b> | <b>87,362</b> | <b>Ps.</b> | <b>87,178</b> |



**Mexico Division**

Expressed in million of Mexican pesos<sup>(1)</sup>, figures of 2007 are expressed with purchasing power as of December 31, 2007

|                                                                    | 1Q 08 | % Rev  | 1Q 07 | % Rev  | Δ%    |
|--------------------------------------------------------------------|-------|--------|-------|--------|-------|
| Sales Volume (million unit cases)                                  | 264.0 |        | 251.7 |        | 4.9%  |
| Average price per unit case                                        | 29.31 |        | 28.78 |        | 1.8%  |
| Net revenues                                                       | 7,737 |        | 7,244 |        | 6.8%  |
| Other operating revenues                                           | 33    |        | 36    |        | -8.3% |
| Total revenues                                                     | 7,770 | 100.0% | 7,280 | 100.0% | 6.7%  |
| Cost of sales                                                      | 3,811 | 49.0%  | 3,599 | 49.4%  | 5.9%  |
| Gross profit                                                       | 3,959 | 51.0%  | 3,681 | 50.6%  | 7.6%  |
| Operating expenses                                                 | 2,595 | 33.4%  | 2,454 | 33.7%  | 5.7%  |
| Operating income                                                   | 1,364 | 17.6%  | 1,227 | 16.9%  | 11.2% |
| Depreciation, amortization & other non-cash charges <sup>(2)</sup> | 432   | 5.6%   | 418   | 5.7%   | 3.3%  |
| EBITDA <sup>(3)</sup>                                              | 1,796 | 23.1%  | 1,645 | 22.6%  | 9.2%  |

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation, amortization & other non-cash charges.

**Latincentro Division**

Expressed in million of Mexican pesos<sup>(1)</sup> figures of 2007 are expressed with purchasing power as of December 31, 2007

|                                                                    | 1Q 08 | % Rev  | 1Q 07 | % Rev  | Δ%     |
|--------------------------------------------------------------------|-------|--------|-------|--------|--------|
| Sales Volume (million unit cases)                                  | 130.2 |        | 128.6 |        | 1.2%   |
| Average price per unit LCse                                        | 41.06 |        | 40.33 |        | 1.8%   |
| Net revenues                                                       | 5,346 |        | 5,187 |        | 3.1%   |
| Other operating revenues                                           | 5     |        | 10    |        | -50.0% |
| Total revenues                                                     | 5,351 | 100.0% | 5,197 | 100.0% | 3.0%   |
| Cost of sales                                                      | 2,907 | 54.3%  | 2,926 | 56.3%  | -0.6%  |
| Gross profit                                                       | 2,444 | 45.7%  | 2,271 | 43.7%  | 7.6%   |
| Operating expenses                                                 | 1,694 | 31.7%  | 1,683 | 32.4%  | 0.7%   |
| Operating income                                                   | 750   | 14.0%  | 588   | 11.3%  | 27.6%  |
| Depreciation, amortization & other non-cash charges <sup>(2)</sup> | 190   | 3.6%   | 231   | 4.4%   | -17.7% |
| EBITDA <sup>(3)</sup>                                              | 940   | 17.6%  | 819   | 15.8%  | 14.8%  |

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation, amortization & other non-cash charges.



**Mercosur Division**

Expressed in million of Mexican pesos<sup>(1)</sup>, figures of 2007 are expressed with purchasing power as of December 31, 2007

Financial figures include beer results

|                                                                    | 1Q 08 | % Rev  | 1Q 07 | % Rev  | Δ%     |
|--------------------------------------------------------------------|-------|--------|-------|--------|--------|
| Sales Volume (million unit cases) <sup>(2)</sup>                   | 123.5 |        | 118.5 |        | 4.2%   |
| Average price per unit case <sup>(2)</sup>                         | 30.34 |        | 29.20 |        | 3.9%   |
| Net revenues                                                       | 4,070 |        | 3,731 |        | 9.1%   |
| Other operating revenues <sup>(5)</sup>                            | 66    |        | 17    |        | 288.2% |
| Total revenues                                                     | 4,136 | 100.0% | 3,748 | 100.0% | 10.4%  |
| Cost of sales                                                      | 2,268 | 54.8%  | 2,150 | 57.4%  | 5.5%   |
| Gross profit                                                       | 1,868 | 45.2%  | 1,598 | 42.6%  | 16.9%  |
| Operating expenses                                                 | 1,164 | 28.1%  | 977   | 26.1%  | 19.1%  |
| Operating income                                                   | 704   | 17.0%  | 621   | 16.6%  | 13.4%  |
| Depreciation, amortization & other non-cash charges <sup>(3)</sup> | 129   | 3.1%   | 108   | 2.9%   | 19.4%  |
| EBITDA <sup>(4)</sup>                                              | 833   | 20.1%  | 729   | 19.5%  | 14.3%  |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> Sales volume and average price per unit case exclude beer results

<sup>(3)</sup> Includes returnable bottle breakage expense.

<sup>(4)</sup> EBITDA = Operating Income + Depreciation, amortization & other non-cash charges.

<sup>(5)</sup> Since november 2007, we integrated Complejo Industrial CAN, S.A. (CICAN) a can bottling facility in Argentina.

**SELECTED INFORMATION**

For the three months ended March 31, 2008 and 2007

*Expressed in million of Mexican pesos. Figures of 2007 are expressed with purchasing power as of December 31, 2007*

|                                       | 1Q 08 | 1Q 07 |
|---------------------------------------|-------|-------|
| Capex                                 | 521.4 | 567.1 |
| Depreciation                          | 434.8 | 407.9 |
| Amortization & Other non-cash charges | 316.2 | 349.1 |

**VOLUME***Expressed in million unit cases*

|                 | Sparkling | Water <sup>(1)</sup> | 1Q 08<br>Bulk Water<br><sup>(2)</sup> | Still <sup>(3)</sup> | Total |
|-----------------|-----------|----------------------|---------------------------------------|----------------------|-------|
| Mexico          | 203.4     | 13.7                 | 41.9                                  | 5.0                  | 264.0 |
| Central America | 29.4      | 1.5                  | -                                     | 2.0                  | 32.9  |
| Colombia        | 41.2      | 2.7                  | 2.6                                   | 0.7                  | 47.2  |
| Venezuela       | 45.9      | 2.7                  | -                                     | 1.5                  | 50.1  |
| Brazil          | 69.0      | 5.4                  | -                                     | 1.1                  | 75.5  |
| Argentina       | 45.7      | 0.6                  | -                                     | 1.7                  | 48.0  |
| Total           | 434.6     | 26.6                 | 44.5                                  | 12.0                 | 517.7 |

|                 | Sparkling | Water <sup>(1)</sup> | 1Q 07<br>Bulk Water<br><sup>(2)</sup> | Still <sup>(3)</sup> | Total |
|-----------------|-----------|----------------------|---------------------------------------|----------------------|-------|
| Mexico          | 196.9     | 12.9                 | 39.3                                  | 2.6                  | 251.7 |
| Central America | 28.1      | 1.5                  | -                                     | 1.8                  | 31.4  |
| Colombia        | 41.6      | 2.8                  | 2.8                                   | 0.7                  | 47.9  |
| Venezuela       | 44.5      | 2.5                  | -                                     | 2.3                  | 49.3  |
| Brazil          | 65.6      | 5.7                  | -                                     | 1.2                  | 72.5  |
| Argentina       | 44.5      | 0.1                  | -                                     | 1.4                  | 46.0  |
| Total           | 421.2     | 25.5                 | 42.1                                  | 10.0                 | 498.8 |

*(1) Excludes water presentations equal to or larger than 5.0 Lt**(2) Bulk Water = Still bottled water in presentations equal to, or larger than 5.0 Lt**(3) Still Beverages include flavored water*

March 2008  
Macroeconomic Information

|                          | Inflation <sup>(1)</sup> |         | Foreign Exchange Rate (local currency per US Dollar) <sup>(2)</sup> |            |            |
|--------------------------|--------------------------|---------|---------------------------------------------------------------------|------------|------------|
|                          | LTM                      | 1Q 2008 | Mar 08                                                              | Dec 07     | Mar 07     |
| Mexico                   | 3.93%                    | 1.18%   | 10.6962                                                             | 10.8662    | 11.0507    |
| Colombia                 | 5.60%                    | 3.09%   | 1,821.6000                                                          | 2,014.7600 | 2,190.3000 |
| Venezuela <sup>(3)</sup> | 30.33%                   | 9.24%   | 2.1500                                                              | 2,150      | 2,150      |
| Argentina                | 8.60%                    | 2.34%   | 3.1680                                                              | 3.1490     | 3.1000     |
| Brazil                   | 5.83%                    | 2.02%   | 1.7491                                                              | 1.7713     | 2.0504     |

<sup>(1)</sup> Source: Mexican inflation is published by *Banco de México* (Mexican Central Bank).

<sup>(2)</sup> Exchange rates at the end of period are the official exchange rates published by the Central Bank of each country.

<sup>(3)</sup> In Venezuela since January 1, 2008, the local currency is 'Bolivar Fuerte', 'Bolivar' the former currency, was divided by one thousand.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

FOMENTO ECONÓMICO MEXICANO, S.A. DE C.V.

By: /s/ Javier Astaburuaga

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Javier Astaburuaga  
Chief Financial Officer

Date: April 28, 2008

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