

MEXICAN ECONOMIC DEVELOPMENT INC
Form 6-K
October 29, 2007

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 October 2007

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 Reports 3Q07 Revenue and Income
from Operations Growth of 7.2% and 7.4%,
respectively**

Monterrey, Mexico, October 26, 2007— Fomento Económico Mexicano, S.A.B. de C.V. (“FEMSA”) today announced its operational and financial results for the third quarter of 2007.

Third Quarter 2007 Highlights:

- **Consolidated total revenues increased 7.2% and income from operations increased 7.4%.** Strong growth at Oxxo and Coca-Cola FEMSA more than offset weakness at FEMSA Cerveza.

- **Coca-Cola FEMSA total revenues increased 6.0% and income from operations increased 11.5%.** Double-digit growth from most of our South American operations drove these results.

- **FEMSA Cerveza total revenues increased 3.3%.**

- Mexico sales volume grew 3.5%, Brazil sales volume grew 6.7% and export sales volume grew 2.3%.

- Income from operations decreased 8.8%, reflecting continued high commodity prices, increased promotional activity in Mexico, and sustained marketing investments in our brands and competitive position.

- **Oxxo total revenues increased 15.2%, driven by 755 net new stores in the last twelve months for a total of 5,237 stores.** Operating margin expanded by 120 basis points.

“As the months have gone by, the trends that were established in our businesses during the first half of the year have continued to develop, and generally conditions today have improved relative to the earlier periods. During the third quarter Coca-Cola FEMSA continued to build on the profitability of its all-important Mexico operation, achieving real growth in operating income for the first time in four quarters, while the rest of the territories continued their strong pace of earnings growth. Oxxo once again delivered a stellar quarter with solid revenue growth and remarkable margin expansion. At FEMSA Cerveza, we continued to experience a tough raw materials environment that, together with increased promotional activity in Mexico, put pressure on our profits in the short term even as we continued to make significant progress in the United States and Brazil.

And yet, our consolidated results for the quarter show robust growth in revenues and operating income above 7 percent in real terms. In a challenging year, we are being

able to deliver results even as we continue to develop our brands and build the business model that will allow us to continue to compete successfully across our businesses and in a growing number of territories”, commented José Antonio Fernández, Chairman and CEO of FEMSA.

FEMSA Consolidated

Total revenues increased 7.2% to Ps. 36.731 billion in 3Q07. This increase was primarily driven by total revenue growth of 15.2% at Oxxo, 6.0% at Coca-Cola FEMSA and to a lesser extent FEMSA Cerveza with total revenue growth of 3.3%, despite tough year-on-year comparisons given the high growth rates registered in 2006 driven by the Soccer World Cup. For the first nine months of 2007, consolidated total revenues increased 7.8% to Ps. 106.083 billion.

Gross profit increased 8.4% to Ps. 16.941 billion in 3Q07, in spite of raw material cost pressures and a growing contribution of lower-margin Oxxo to our results. Margin improvements at Oxxo and Coca-Cola FEMSA more than offset a gross margin decline at Femsma Cerveza, resulting in a 50 basis point expansion to 46.1% in 3Q07.

For the first nine months of 2007, gross profit increased 6.8% to Ps. 48.370 billion. However, gross margin contracted 40 basis points compared to the same period in 2006, to 45.6% of total revenues. This contraction resulted primarily from raw material pressures as well as from the rapid growth of Oxxo's operations, which have lower margins than our beverage businesses.

Income from operations increased by 7.4% to Ps. 5.077 billion in 3Q07, and operating margin remained flat at 13.8%. Double-digit growth at Coca-Cola FEMSA and Oxxo offset the decline at Femsma Cerveza.

For the first nine months of 2007, income from operations increased 0.3% to Ps. 13.486 billion. Our consolidated operating margin decreased 100 basis points compared to 2006 levels, reaching 12.7% of total revenues.

Net income increased 8.6% to Ps. 3.299 billion in 3Q07, mainly as a result of the growth in income from operations. This more than offset an increase in the integral cost of financing, driven itself by a reduction in the foreign exchange gain recorded in the quarter. The effective tax rate decreased from 29.8% in 3Q06 to 28.0% in 3Q07.

For the first nine months of 2007, net income increased 13.1% to Ps. 8.149 billion driven largely by a shift from a loss in foreign exchange in 2006 to a gain in 2007.

Net majority income increased 10.4% resulting in Ps. 0.65 per FEMSA Unit¹ in 3Q07. Net majority income per FEMSA ADS, using an exchange rate of Ps. 10.92 per dollar, which was the exchange rate at period end, was US\$ 0.60 for the quarter. For the first nine months net majority income per FEMSA Unit¹ was Ps. 1.60 (US\$1.47 per ADS).

Capital expenditures increased 21.4% to Ps. 2.786 billion in 3Q07, mainly reflecting increased investment in the beverage business units related to incremental capacity, as well as market-related investments.

Consolidated net debt: As of September 30, 2007, FEMSA recorded a cash balance of Ps. 10.875 billion (US\$ 996 million), short-term debt of Ps. 8.906 billion (US\$ 816 million) and long-term debt of Ps. 31.512 billion (US\$ 2.886 billion), for a net debt balance of Ps. 29.543 billion (US\$ 2.705 billion), which was Ps. 382 million (US\$ 35 million) higher than on September 30, 2006.

¹ 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 September 30, 2007 was 3,578,226,270 equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

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.

Beer - FEMSA Cerveza

The results of FEMSA Cerveza provided here now fully consolidate the results of our subsidiary Cervejarias Kaiser (in Brazil), which we acquired in January of 2006. Beginning with our 1Q07 results, all comparisons to prior periods will fully reflect the Kaiser acquisition.

Mexico sales volume increased 3.5% to 6.888 million hectoliters in 3Q07, despite tough comparable growth figures from the third quarter of 2006. This increase reflects strong consumer demand during the first two months of the quarter that was partially offset by negative weather conditions mainly in southeast Mexico during September. Once again, growth was driven by our *Tecate*, *Sol* and *Indio* brand families. For the first nine months of 2007, Mexico sales volume increased 3.2% to 19.792 million hectoliters.

Brazil sales volume increased 6.7% to 2.195 million hectoliters in 3Q07. This growth was largely driven by our new *Sol* brand that continues to develop according to plan. For the first nine months of 2007, Brazil sales volume increased 9.8% to 6.536 million hectoliters.

Export sales volume increased 2.3% to 863 thousand hectoliters in 3Q07 as built-up inventory worked its way through the wholesaler network. For the first nine months of 2007, export sales volume increased 11.7% to 2.513 million hectoliters and we are on track to achieve full-year double-digit volume growth.

Total revenues increased 3.3% to Ps. 9.877 billion in 3Q07, as higher beer revenues in Brazil and Mexico were partly offset by lower third-party packaging revenues.

Mexico price per hectoliter increased 0.1% in real terms to Ps. 1,008.7 in 3Q07, reflecting below-inflation price increases implemented during the first half of the year, combined with the positive pricing effect of approximately 3% of incremental domestic volume brought under direct distribution, and a positive shift in mix due to an increase in non-returnable presentations. Brazil price per hectoliter increased 1.7% in real terms to Ps. 581 in 3Q07, reflecting a price increase rolled out in the first quarter combined with better product mix as volumes gradually shift from lower-price brands to *Sol*, which carries a higher price per hectoliter. Export price per hectoliter decreased 3.0% to Ps. 1,016.5 in 3Q07, as the effect of a strong Peso more than offset an increase in dollar terms of 0.7%.

For the first nine months of 2007, total revenues increased 3.2% to Ps. 28.422 billion driven by a 4.2% increase in beer revenues, which more than offset the decline in other revenues. Export beer revenues reached 9.9% of total beer revenues, up from 9.4% in the comparable period in 2006. Brazil beer revenues represented 14.5% of total beer revenues, up from 13.8% in the comparable period in 2006.

Cost of sales increased 6.4% to Ps. 4.439 billion in 3Q07. This increase was mainly driven by total volume growth of 4.1% and higher prices for raw materials, particularly grains which were partially offset by the effect of strong currencies in Brazil and Mexico applied to our dollar-denominated costs. Gross profit increased 0.8% to Ps. 5.438 billion in 3Q07, resulting in a gross margin of 55.1% for a decline of 130 basis points as compared to the same period of 2006. For the first nine months of 2007, cost of sales increased 8.5% to Ps. 12.816 billion. Gross margin year-to-date contracted by 220 basis points to 54.9% of total revenues.

Income from operations decreased 8.8% to Ps. 1.602 billion in 3Q07, and operating margin contracted by 220 basis points to 16.2% in the quarter. Operating expenses increased 5.5% to Ps. 3.836 billion, reaching 38.9% of total revenues in 3Q07. While administrative expenses were stable, selling expenses increased 7.9% to Ps. 2.791 billion. Over a third of this increase resulted from stepped-up marketing activities in Brazil in connection with our *Sol* and *Kaiser* brands, which compare with a period of limited marketing expenditures last year. We continued to invest in channel development and brand-building activities for *Sol* and *Tecate* in Mexico as well as for *Dos Equis* and *Tecate* in the U.S.

For the first nine months of 2007, income from operations decreased 23.8% to Ps. 3.765 billion, resulting in 13.2% of total revenues.

Oxxo Stores - FEMSA Comercio

Total revenues increased 15.2% to Ps. 11.009 billion in 3Q07, primarily as a result of the opening of 140 net new Oxxo stores in the quarter, representing a 20.7% increase over the prior year and a total increase of 755 net new Oxxo stores during the last twelve months. As of September 30, 2007, there were a total of 5,237 Oxxos in Mexico. For the first nine months of 2007, total revenues increased 13.8% to Ps. 30.655 billion.

Same-store sales increased an average of 3.4% during the quarter, reflecting a 3.1% increase in store traffic, which was driven by a broadening product assortment, and a slight improvement of 0.3% in the average customer ticket driven by selective increases in the price of some “impulse” items.

For the first nine months of 2007 Oxxo same-store sales increased an average of 2.6%, as an increase of 3.1% in store traffic more than offset a 0.5% reduction in average ticket.

Gross profit increased by 18.9% in 3Q07, expanding gross margin by 80 basis points to reach 27.7% of total revenues. This improvement was driven by better pricing strategies in some products and successful promotions implemented with our supplier partners, as well as by growth coming from higher-margin categories such as coffee. For the first nine months of 2007, Oxxo gross margin expanded by 80 basis points to 27.2%.

Income from operations increased 47.5% to Ps. 599 million in 3Q07. Operating expenses increased 13.5% to Ps. 2.451 billion, below revenue growth. Administrative expenses decreased 3.3% to Ps. 175 million, as our initial capitalized investments in the Oracle ERP system have been fully amortized and broad expense-containment initiatives begin to bear fruit. Selling expenses as a percentage of total revenues remained stable at 20.7% in 3Q07. Oxxo’s operating margin expanded 120 basis points to 5.4% of total revenues driven by the gross margin expansion and to a lesser extent, by better expense absorption resulting from higher revenues.

For the first nine months of 2007, income from operations increased 40.5% to Ps. 1.398 billion, resulting in an operating margin of 4.6%, a 90 basis point expansion from the prior year.

CONFERENCE CALL INFORMATION:

Our Third Quarter 2007 Conference Call will be held on: Monday October 29, 2007, 12:00 PM EDT (10:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 1-888-713-4485, International: 1-913-312-1304. This Conference Call will also be transmitted through live webcast at www.femsa.com/investor.

If you are unable to participate live, an instant replay of the conference call will be available through November 2, 2007. To listen to the replay please dial: Domestic U.S.: 1-888-203-1112; International: 1-719-457-0820, Passcode:1468397.

Set forth in this press release is certain unaudited financial information for FEMSA for the third quarter of 2007 compared to the third quarter of 2006. 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.

All of the figures in this report were prepared in accordance with “Normas de Información Financiera” (Mexican Financial Reporting Standards or “Mexican FRS”, and have been restated in constant Mexican pesos (“Pesos” or “Ps.”) with purchasing power as of September 30, 2007. As a result, all percentage changes are expressed in real terms.

The translations of Mexican pesos into US dollars are included solely for the convenience of the reader, using the exchange rate provided by the company in the tables that accompany this release. The exchange rate used for this purpose is 10.9203 Mexican pesos per US dollar, which is as of the end of the reporting period.

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
Expressed in Millions of Pesos as of September 30, 2007

	For the third quarter of:					For the nine months of:				
	2007	% of rev.	2006	% of rev.	% Increase	2007	% of rev.	2006	% of rev.	% Increase
Total revenues	36,731	100.0	34,272	100.0	7.2	106,083	100.0	98,430	100.0	7.8
Cost of sales	19,790	53.9	18,648	54.4	6.1	57,713	54.4	53,136	54.0	8.6
Gross profit	16,941	46.1	15,624	45.6	8.4	48,370	45.6	45,294	46.0	6.8
Administrative expenses	2,304	6.3	2,206	6.4	4.4	6,716	6.3	6,443	6.5	4.2
Selling expenses	9,560	26.0	8,692	25.4	10.0	28,168	26.6	25,407	25.8	10.9
Operating expenses	11,864	32.3	10,898	31.8	8.9	34,884	32.9	31,850	32.3	9.5
Income from operations	5,077	13.8	4,726	13.8	7.4	13,486	12.7	13,444	13.7	0.3
Other expenses	(203)		(479)		(57.6)	(731)		(1,116)		(34.5)
Interest expense	(1,056)		(1,075)		(1.8)	(3,369)		(3,215)		4.8
Interest income	170		216		(21.3)	559		607		(7.9)
Interest expense, net	(886)		(859)		3.1	(2,810)		(2,608)		7.7
Foreign exchange (loss) gain	110		264		(58.3)	459		(125)		N.S.
Gain on monetary position	545		588		(7.3)	955		789		21.0
Unhedged derivative instrument loss	(64)		88		N.S.	(1)		(42)		N.S.
Integral result of financing	(295)		81		N.S.	(1,397)		(1,986)		(29.7)
Income before income tax	4,579		4,328		5.8	11,358		10,342		9.8
Income tax	(1,280)		(1,289)		(0.7)	(3,209)		(3,139)		2.2
Net income	3,299		3,039		8.6	8,149		7,203		13.1
Net majority income	2,343		2,123		10.4	5,730		5,315		7.8
Net minority income	956		916		4.4	2,419		1,888		28.1
EBITDA & CAPEX										
Income from operations	5,077	13.8	4,726	13.8	7.4	13,486	12.7	13,444	13.7	0.3
Depreciation	1,124	3.1	1,138	3.3	(1.2)	3,212	3	3,270	3.3	(1.8)
Amortization & other	950	2.6	933	2.7	1.8	2,939	2.8	2,900	2.9	1.3
EBITDA	7,151	19.5	6,797	19.8	5.2	19,637	18.5	19,614	19.9	0.1
CAPEX	2,786		2,294		21.4	7,318		5,833		25.5
FINANCIAL RATIOS										
	2007		2006		Var. p.p.					
Liquidity ⁽¹⁾	1.03		0.90		0.13					
Interest coverage ⁽²⁾	6.99		7.52		(0.53)					

Leverage ⁽³⁾	0.87	0.90	(0.03)
Capitalization ⁽⁴⁾	34.81%	37.87%	(3.06)

(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.

6

FEMSA
Consolidated Balance Sheet
As of September 30:
(Expressed in Millions of Pesos as of September 30, 2007)

<u>ASSETS</u>	2007	2006	% Increase
Cash and cash equivalents	10,875	11,647	(6.6)
Accounts receivable	7,079	6,199	14.2
Inventories	9,147	7,611	20.2
Prepaid expenses and other	3,348	2,484	34.8
Total current assets	30,449	27,941	9.0
Property, plant and equipment, net	52,368	50,995	2.7
Intangible assets ⁽¹⁾	58,960	57,988	1.7
Deferred assets	9,372	7,378	27.0
Other assets	6,700	6,295	6.4
TOTAL ASSETS	157,849	150,597	4.8
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>			
Bank loans	3,307	6,012	(45.0)
Current maturities long-term debt	5,599	6,303	(11.2)
Interest payable	465	479	(2.9)
Operating liabilities	20,296	18,205	11.5
Total current liabilities	29,667	30,999	(4.3)
Long-term debt	31,512	28,493	10.6
Deferred income taxes	4,229	3,788	11.6
Labor liabilities	3,354	2,823	18.8
Other liabilities	4,490	5,237	(14.3)
Total liabilities	73,252	71,340	2.7
Total stockholders' equity	84,597	79,257	6.7
LIABILITIES AND STOCKHOLDERS' EQUITY	157,849	150,597	4.8

⁽¹⁾ Includes mainly the intangible assets generated by acquisitions.

<i>DEBT MIX</i>	Ps.	September 30, 2007	Average Rate
		% Integration	
Denominated in:			
Mexican pesos	30,496	75.5%	9.2%
Dollars	8,730	21.6%	6.5%
Argentinan pesos	530	1.3%	10.6%
Venezuelan bolivars	340	0.8%	9.4%
Brazilian Reals	322	0.8%	11.7%
Total debt	40,418	100.0%	8.7%
Fixed rate ⁽¹⁾	29,711	73.5%	
Variable rate ⁽¹⁾	10,707	26.5%	

<i>% of Total Debt</i>	2007	2008	2009	2010	2011	2012	2013+
<i>DEBT MATURITY PROFILE</i>	2.8%	20.4%	13.6%	12.1%	10.2%	22.3%	18.6%

(1) Includes the effect of interest rate swaps.

7

Coca-Cola FEMSA
Results of Operations
Expressed in Millions of Pesos as of September 30, 2007

	For the third quarter of:					For the nine months of:				
	2007	% of rev.	2006	% of rev.	% Increase	2007	% of rev.	2006	% of rev.	% Increase
Total revenues	16,701	100.0	15,749	100.0	6.0	49,236	100.0	45,656	100.0	7.8
Cost of sales	8,491	50.8	8,305	52.7	2.2	25,621	52.0	23,919	52.4	7.1
Gross profit	8,210	49.2	7,444	47.3	10.3	23,615	48.0	21,737	47.6	8.6
Administrative expenses	951	5.7	837	5.3	13.5	2,655	5.4	2,524	5.5	5.2
Selling expenses	4,437	26.6	4,076	25.9	8.9	12,937	26.3	11,990	26.3	7.9
Operating expenses	5,388	32.3	4,913	31.2	9.7	15,592	31.7	14,514	31.8	7.4
Income from operations	2,822	16.9	2,531	16.1	11.5	8,023	16.3	7,223	15.8	11.1
Depreciation	414	2.5	438	2.8	(5.5)	1,206	2.4	1,222	2.7	(1.3)
Amortization & other	336	2.0	401	2.5	(16.2)	1,010	2.1	1,122	2.5	(10.0)
EBITDA	3,572	21.4	3,370	21.4	6.0	10,239	20.8	9,567	21.0	7.0
Capital expenditures	985		737		33.6	2,319		1,981		17.1

Sales volumes
(Millions of unit cases)

Mexico	286.1	54.2	272.9	54.2	4.8	838.2	53.7	808.2	54.9	3.7
Central America	30.7	5.8	29.7	5.9	3.4	94.2	6.0	87.6	5.9	7.5
Colombia	49.5	9.4	49.7	9.9	(0.4)	145.1	9.3	137.0	9.3	5.9
Venezuela	51.5	9.8	47.7	9.5	8.0	152.0	9.7	132.8	9.0	14.5
Brazil	68.9	13.1	64.0	12.7	7.7	208.4	13.3	192.0	13.0	8.5
Argentina	41.0	7.8	39.1	7.8	4.9	124.5	8.0	116.8	7.9	6.6
Total	527.7	100.0	503.1	100.0	4.9	1,562.4	100.0	1,474.4	100.0	6.0

FEMSA Cerveza
Results of Operations
Expressed in Millions of Pesos as of September 30, 2007

	For the third quarter of:					For the nine months of:				
	2007	% of rev.	2006	% of rev.	% Increase	2007	% of rev.	2006	% of rev.	% Increase
Sales:										
Mexico	6,948	70.3	6,700	70.1	3.7	19,768	69.6	19,258	69.9	2.6
Brazil	1,275	12.9	1,175	12.3	8.5	3,778	13.3	3,447	12.5	9.6
Export	877	8.9	884	9.2	(0.8)	2,582	9.0	2,361	8.6	9.4
Beer sales	9,100	92.1	8,759	91.6	3.9	26,128	91.9	25,066	91.0	4.2
Other revenues	777	7.9	805	8.4	(3.5)	2,294	8.1	2,469	9.0	(7.1)
Total revenues	9,877	100.0	9,564	100.0	3.3	28,422	100.0	27,535	100.0	3.2
Cost of sales	4,439	44.9	4,171	43.6	6.4	12,816	45.1	11,807	42.9	8.5
Gross profit	5,438	55.1	5,393	56.4	0.8	15,606	54.9	15,728	57.1	(0.8)
Administrative expenses	1,045	10.6	1,050	11.0	(0.5)	3,145	11.1	3,079	11.2	2.1
Selling expenses	2,791	28.3	2,587	27.0	7.9	8,696	30.6	7,709	28.0	12.8
Operating expenses	3,836	38.9	3,637	38.0	5.5	11,841	41.7	10,788	39.2	9.8
Income from operations	1,602	16.2	1,756	18.4	(8.8)	3,765	13.2	4,940	17.9	(23.8)
Depreciation	405	4.1	435	4.5	(6.9)	1,213	4.3	1,283	4.7	(5.5)
Amortization & other	604	6.1	555	5.8	8.8	1,834	6.5	1,781	6.5	3.0
EBITDA	2,611	26.4	2,746	28.7	(4.9)	6,812	24.0	8,004	29.1	(14.9)
Capital expenditures	1,243		928		33.9	3,472		2,508		38.4
Sales volumes (Thousand hectoliters)										
Mexico	6,888.2	69.3	6,651.4	69.6	3.5	19,792.4	68.6	19,187.8	70.1	3.2
Brazil	2,194.5	22.1	2,055.9	21.5	6.7	6,535.7	22.7	5,953.9	21.7	9.8
Exports	862.7	8.7	843.2	8.8	2.3	2,512.9	8.7	2,249.3	8.2	11.7
Total	9,945.5	100.0	9,550.5	100.0	4.1	28,841.0	100.0	27,391.0	100.0	5.3
Price per hectoliter										
Mexico	1,008.7		1,007.3		0.1	998.8		1,003.7		(0.5)
Brazil	581.0		571.5		1.7	578.1		578.9		(0.2)
Exports	1,016.5		1,048.4		(3.0)	1,027.5		1,049.7		(2.1)
Total	915.0		917.1		(0.2)	905.9		915.1		(1.0)

FEMSA Comercio
Results of Operations
Expressed in Millions of Pesos as of September 30, 2007

	For the third quarter of:					For the nine months of:				
	2007	% of rev.	2006	% of rev.	% Increase	2007	% of rev.	2006	% of rev.	% Increase
Total revenues	11,009	100.0	9,555	100.0	15.2	30,655	100.0	26,926	100.0	13.8
Cost of sales	7,959	72.3	6,989	73.1	13.9	22,313	72.8	19,816	73.6	12.6
Gross profit	3,050	27.7	2,566	26.9	18.9	8,342	27.2	7,110	26.4	17.3
Administrative expenses	175	1.6	181	1.9	(3.3)	547	1.8	548	2.0	(0.2)
Selling expenses	2,276	20.7	1,979	20.8	15.0	6,397	20.8	5,567	20.7	14.9
Operating expenses	2,451	22.3	2,160	22.7	13.5	6,944	22.6	6,115	22.7	13.6
Income from operations	599	5.4	406	4.2	47.5	1,398	4.6	995	3.7	40.5
Depreciation	137	1.2	107	1.1	28.0	391	1.3	312	1.2	25.3
Amortization & other	103	1.0	93	1.0	10.8	316	1.0	273	1.0	15.8
EBITDA	839	7.6	606	6.3	38.4	2,105	6.9	1,580	5.9	33.2
Capital expenditures	495		584		(15.2)	1,366		1,239		10.3

Information of Convenience Stores

Total stores						5,237		4,482		16.8
Net new convenience stores:	140		116		20.7					
vs. September prior year						755		698		8.2
vs. December prior year						390		341		14.4
Same store data: ⁽¹⁾										
Sales (thousands of pesos)	679.9		657.8		3.4	653.0		636.2		2.6
Traffic	23.3		22.6		3.1	22.4		21.8		3.1
Ticket	29.2		29.1		0.3	29.1		29.2		(0.5)

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

**FEMSA
Macroeconomic Information**

	Inflation		Exchange Rate as of September 30, 2007	
	September 06	June 07 -	Per USD	Per Mx. Peso
	- September 07	September 07		
Mexico	3.79%	1.62%	10.9203	1.0000
Colombia	5.00%	0.11%	2,023.1900	0.0054
Venezuela	15.26%	2.91%	2,150.0000	0.0051
Brazil	4.95%	1.21%	1.8389	5.9385
Argentina	8.56%	1.90%	3.1500	3.4668

2007 THIRD-QUARTER AND FIRST NINE MONTHS RESULTS

	Third Quarter			YTD		
	2007	2006	Δ%	2007	2006	Δ%
Total Revenues	16,701	15,749	6.0%	49,236	45,656	7.8%
Gross Profit	8,210	7,444	10.3%	23,615	21,737	8.6%
Operating Income	2,822	2,531	11.5%	8,023	7,223	11.1%
Majority Net Income	1,890	1,804	4.8%	4,859	3,606	34.7%
EBITDA ⁽¹⁾	3,572	3,370	6.0%	10,239	9,567	7.0%
Net Debt ^{(2) (3)}	11,307	14,940	-24.3%			
EBITDA ⁽¹⁾ /						
Interest Expense	6.34	5.73				
Earnings per Share	1.02	0.98				
Capitalization ⁽⁴⁾	31.2%	33.1%				

Expressed in million of Mexican pesos with purchasing power as of September 30, 2007

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

See reconciliation table on page 11.

(2) Net Debt = Total Debt - Cash

(3) Figures for 2006 are as of December 31, 2006.

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

· Total revenues reached Ps. 16,701 million in the third quarter of 2007, an increase of 6.0% compared to the third quarter of 2006, and increased 7.8% for the first nine months of the year to Ps. 49,236 million compared to same period of 2006.

· Driven by strong growth and higher profitability in the operations outside of Mexico, consolidated operating income increased 11.5% to Ps. 2,822 million for the third quarter of 2007, and 11.1% to Ps. 8,023 million for the first nine months of the year. Our operating margin was 16.9% for the third quarter of 2007 and 16.3% for the first nine months of the year.

· Consolidated majority net income increased 4.8% to Ps. 1,890 million in the third quarter of 2007, and 34.7% to Ps. 4,859 million for the first nine months of the year, resulting in earnings per share of Ps. 1.02 for the third quarter of 2007, and Ps. 2.63 for the first nine months of the year.

Mexico City (October 26, 2007), 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 third quarter and the first nine months of 2007.

“Our operations posted strong results for the third quarter of 2007. Our performance displayed the advantages of our balanced, geographically diversified portfolio of assets, with more than 73 percent of

our top-line growth coming from our operations outside of Mexico. In Mexico, we have been increasing our profitability; in fact, this is the first quarter in more than a year that we have achieved operating income growth. We, together with the Coca-Cola Company also just launched the public tender offer for Jugos del Valle. This transaction, which we expect to close in November of 2007, will considerably increase our company's position in Latin America's fast-growing still beverage segment. Looking forward, the overall competitive environment is behaving more rationally, which should bode well for our future performance," said Carlos Salazar Lomelín, Chief Executive Officer of the company.

CONSOLIDATED RESULTS

Our consolidated total revenues increased 6.0% to Ps. 16,701 million in the third quarter of 2007, compared to the third quarter of 2006 as a result of increases in all of our territories. Our consolidated average price per unit case increased 1.1% to Ps. 31.07 (US\$ 2.84) in the third quarter of 2007 compared to the same period of 2006 as a result of higher average price in Colombia, Venezuela and Argentina.

Total sales volume increased 4.9% to 527.7 million unit cases in the third quarter of 2007 as compared to the same period of 2006, mainly driven by 5.4% volume growth of the *Coca-Cola* brand, which accounted for more than 65% of our total incremental volumes during the quarter. Sparkling beverages⁽¹⁾ sales volume grew 4.2% to 444.5 million unit cases, driven by volume growth across most of our territories.

Our gross profit increased 10.3% to Ps. 8,210 million in the third quarter of 2007, compared to the third quarter of 2006, driven by increases in all of our operations. Gross margin reached 49.2% in the third quarter of 2007 from 47.3% in the same period of 2006. Lower sweetener costs in Brazil and Colombia in conjunction with lower PET (Polyethylene terephthalate) costs in Mexico more than compensated for higher sweetener costs mainly in Mexico and Argentina.

Our consolidated operating income increased 11.5% to Ps. 2,822 million in the third quarter of 2007. Double-digit increases in operating income in Brazil, Colombia and Venezuela more than compensated for the decline in Central America and Argentina. Our operating margin was 16.9% in the third quarter of 2007, an improvement of 80 basis points as a result of higher fixed-cost absorption.

As we mentioned in our first quarter press release, beginning in 2007, pursuant to Mexican Financial Reporting Standards, we recorded employee profit sharing in the "other expenses" line, instead of recording it in the "income tax" line. For comparison purposes we are reflecting this change in the 2006 information presented, which amounted to Ps. 117 million in the third quarter of 2006 and Ps. 75 million in the same period of 2007.

Our integral cost of financing in the third quarter of 2007 reached Ps. 1 million as compared to a large gain of Ps. 387 million in the same period of 2006, mainly driven by (i) a less favorable foreign exchange gain resulting from the depreciation of the Mexican peso against the U.S. dollar as applied to our liability position denominated in foreign currency, and (ii) a lower inflation rate applied to our net monetary position.

During the third quarter of 2007 income tax, as a percentage of income before taxes, was 28.5%, compared to 27.9% in the same quarter of 2006. The tax rate in the third quarter of 2006 was lower than the same period this year, mainly due to tax credit benefits obtained in some our operations last year.

Our consolidated majority net income increased by 4.8% to Ps. 1,890 million in the third quarter of 2007, compared to the third quarter of 2006, an increase in our operating income and lower net interest expenses that more than offset a lower foreign exchange and monetary position gains recorded this quarter compared to the third quarter of 2006. Earnings per share ("EPS") were Ps. 1.02 (US\$ 0.93 per ADR) computed on the basis of 1,846.5 million shares outstanding (each ADR represents 10 local shares).

⁽¹⁾Sparkling Beverages - Beverages previously referred to as carbonated soft drinks.

BALANCE SHEET

As of September 30, 2007, Coca-Cola FEMSA had a cash balance of Ps. 8,172 million (US\$ 748 million), an increase of Ps. 3,245 million (US\$ 297 million), compared to December 31, 2006, resulting from internal cash generation.

Total short-term debt including current maturities of long term debt, was Ps. 4,905 million (US\$ 449 million) and long-term debt was Ps. 14,574 million (US\$ 1,333 million). Total debt decreased Ps. 389 million (US\$ 36 million) compared with year end 2006. Net debt decreased approximately Ps. 3,634 million (US\$ 332 million) compared to year end of 2006, mainly a result of internal cash generation.

The weighted average cost of debt for the quarter was 7.87%. The following charts sets forth the Company's debt profile by currency and interest rate type and by maturity date as of September 30, 2007:

Currency	% Total Debt ⁽¹⁾	% Interest Rate Floating ⁽¹⁾
U.S. dollars	48.4%	