As filed with the Securities and Exchange Commission on June 10, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009
Commission file number 1-12260

Coca-Cola FEMSA, S.A.B. de C.V.

(Exact name of registrant as specified in its charter)

Not Applicable
(Translation of registrant's name into English)

United Mexican States
(Jurisdiction of incorporation or organization)

Guillermo González Camarena No. 600
Centro de Ciudad Santa Fé
01210 México, D.F., México
(Address of principal executive offices)

José Castro
Guillermo González Camarena No. 600
Centro de Ciudad Santa Fé
01210 México, D.F., México
(52-55) 5081-5148
irelations@kof.com.mx
(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing 10 Series L Shares, without par value	New York Stock Exchange, Inc.
Series L Shares, without par value	New York Stock Exchange, Inc. (not for trading, for listing purposes only)

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

The number of outstanding shares of each class of capital or common stock as of December 31, 2009 was:

992,078,519	Series A Shares, without par value
583,545,678	Series D Shares, without par value
270,906,004	Series L Shares, without par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). N/A
☐ Yes ☐ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large Accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:
U.S. GAAP ☐ IFRS ☐ Other ☒

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
☐ Item 17 ☒ Item 18

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

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INTRODUCTION

References

Unless the context otherwise requires, the terms "Coca-Cola FEMSA," "our company," "we," "us" and "our" are used in this annual report to refer to Coca-Cola FEMSA, S.A.B. de C.V. and its subsidiaries on a consolidated basis.

References herein to "U.S. dollars," "US$," "dollars" or "$" are to the lawful currency of the United States of America. References herein to "Mexican pesos" or "Ps." are to the lawful currency of Mexico.

"Sparkling beverages" as used in this annual report refers to nonalcoholic carbonated beverages. "Still beverages" refers to nonalcoholic non-carbonated beverages. Non-flavored waters, whether or not carbonated, are referred to as "waters."

References to *Coca-Cola* trademark beverages in this annual report refer to products described in "Item 4. Information on the Company—The Company—Our Products."

Currency Translations and Estimates

This annual report contains translations of certain Mexican peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, such U.S. dollar amounts have been translated from Mexican pesos at an exchange rate of Ps. 13.0576 to US$ 1.00, the exchange rate for Mexican pesos on December 31, 2009, according to the U.S. Federal Reserve Board. On June 4, 2010, this exchange rate was Ps. 12.8825 to US$ 1.00. See "Item 3. Key Information—Exchange Rate Information" for information regarding exchange rates since January 1, 2005.

To the extent that estimates are contained in this annual report, we believe such estimates, which are based on internal data, are reliable. Amounts in this annual report are rounded, and the totals may therefore not precisely equal the sum of the numbers presented.

Sources

Certain information contained in this annual report has been computed based upon statistics prepared by the *Instituto Nacional de Estadística y Geografía* of Mexico (the National Institute of Statistics and Geography), the Federal Reserve Bank of New York, the U.S Federal Reserve Board, the *Banco de México* (the Central Bank of Mexico), the *Comisión Nacional Bancaria y de Valores* of Mexico (the National Banking and Securities Commission, or the CNBV), local entities in each country and upon our estimates.

Forward-Looking Information

This annual report contains words such as "believe," "expect," "anticipate" and similar expressions that identify forward-looking statements. Use of these words reflects our views about future events and financial performance. Actual results could differ materially from those projected in these forward-looking statements as a result of various factors that may be beyond our control, including, but not limited to, effects on our company from changes in our relationship with The Coca-Cola Company, movements in the prices of raw materials, competition, significant developments in economic or political conditions in Latin America or changes in our regulatory environment. Accordingly, we caution readers not to place undue reliance on these forward-looking statements. In any event, these statements speak only as of their respective dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Item 1. Not Applicable

Item 2. Not Applicable

Item 3. Key Information

SELECTED CONSOLIDATED FINANCIAL DATA

This annual report includes (under Item 18) our audited consolidated balance sheets as of December 31, 2009 and 2008 and the related consolidated statements of income and changes in shareholders' equity for the years ended December 31, 2009, 2008 and 2007, the consolidated statement of cash flows for the years ended December 31, 2009 and 2008 and consolidated statement of changes in financial position for the year ended December 31, 2007. Our consolidated financial statements are prepared in accordance with Mexican Financial Reporting Standards, which we sometimes refer to as Mexican FRS. Mexican Financial Reporting Standards differ in certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Notes 26 and 27 to our consolidated financial statements provide a description of the principal differences between Mexican Financial Reporting Standards and U.S. GAAP as they relate to us, together with reconciliation to U.S. GAAP of net income and shareholders' equity.

Through December 31, 2007, Mexican Financial Reporting Standards required us to recognize effects of inflation in our financial statements and reexpress financial statements from prior periods in constant pesos as of the end of the most recent period presented. For periods beginning in 2008, we adopted *Norma de Información Financiera* (NIF) B-10 "Effects of Inflation" under Mexican Financial Reporting Standards. Under this rule, the previous inflation accounting rules requiring us to reexpress prior years to reflect the impact of current period inflation no longer apply, unless the economic environment in which we operate qualifies as inflationary pursuant to Mexican Financial Reporting Standards. An economic environment is inflationary if the cumulative inflation equals or exceeds an aggregate of 26% over the preceding three consecutive years. As a result, we ceased to recognize the effects of inflation on our financial information for our subsidiaries in Mexico, Guatemala, Panama, Colombia and Brazil. For the rest of our subsidiaries in Argentina, Venezuela, Costa Rica and Nicaragua, we continue applying inflationary accounting.

The three year cumulative inflation rate for Venezuela was 87.5% for the period 2006 through 2008. The three year cumulative inflation rate for Venezuela was 101.6% as of December 31, 2009. Accordingly, the Company anticipates that Venezuela will be accounted for as a hyper-inflationary economy for U.S. GAAP purposes beginning January 1, 2010.

Pursuant to Mexican Financial Reporting Standards, the information presented in this annual report presents financial information for 2009 and 2008 in nominal terms that has been presented in Mexican pesos, taking into account local inflation of each inflationary economic environment and converting 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 categorized as an inflationary economic environment. For each non-inflationary economic environment, local currency is converted to Mexican pesos using the year-end exchange rate for assets and liabilities, the historical exchange rate for shareholders' equity and the average exchange rate for the income statement. Our financial information for 2007 is expressed in constant pesos as of December 31, 2007.

Pursuant to Mexican Financial Reporting Standards, in our consolidated financial statements and the selected financial information set forth below:

- In inflationary economic environments, the figures are restated for inflation based on the local consumer price index.

- In inflationary economic environments, gains and losses in purchasing power from holding monetary liabilities or assets are recognized in the "Comprehensive financing result" line in the income statement.

- Financial statements for 2009 and 2008 are stated in nominal Mexican pesos and figures for 2007 are stated in constant Mexican pesos as of the end of 2007.

- Beginning in 2008, as a result of discontinuing inflationary accounting for subsidiaries that operate in non-inflationary economic environments, the financial statements are no longer considered to be presented in a reporting currency that comprehensively includes the effects of price level changes; therefore, the inflationary effects of inflationary economic environments arising in 2008 and 2009 result in a difference to be reconciled for U.S. GAAP purposes. For the year ended December 31, 2007, the effects of inflation accounting under Mexican Financial Reporting Standards have not been reversed in the reconciliation to U.S. GAAP of net income and equity. See Notes 26 and 27 to our consolidated financial statements.

Our non-Mexican subsidiaries maintain their accounting records in the currency and in accordance with accounting principles generally accepted in the country where they are located. For presentation in our consolidated financial statements, we adjust these accounting records into Mexican Financial Reporting Standards and reported in Mexican pesos under these standards.

The following table presents selected financial information of our company. This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements, including the notes thereto. The selected financial information contained herein is presented on a consolidated basis, and is not necessarily indicative of our financial position or results of operations at or for any future date or period. See Note 4 to our consolidated financial statements for our significant accounting policies.

	Year Ended December 31,					
	2009[1]	2009	2008[2]	2007	2006	2005
	(2009 and 2008 in millions of Mexican pesos or millions of U.S. dollars; previous years in millions of constant Mexican pesos as of December 31, 2007, except share and per share data)					
Income Statement Data:						
Mexican FRS						
Total revenues	US$ 7,870	Ps. 102,767	Ps. 82,976	Ps. 69,251	Ps. 64,046	Ps. 59,642
Cost of goods sold	4,209	54,952	43,895	35,876	33,740	30,553
Gross profit	3,661	47,815	39,081	33,375	30,306	29,089
Operating expenses	2,449	31,980	25,386	21,889	20,013	19,074
Income from operations	1,212	15,835	13,695	11,486	10,293	10,015
Comprehensive financing result	104	1,373	3,552	345	1,195	1,590
Other expenses, net	111	1,449	1,831	702	1,046	705
Income taxes	310	4,043	2,486	3,336	2,555	2,698
Net income	687	8,970	5,826	7,103	5,497	5,022
Net controlling income	653	8,523	5,598	6,908	5,292	4,895
Net non-controlling income	34	446	228	195	205	127
Basic and diluted, net income per share[3]	0.35	4.62	3.03	3.74	2.86	2.60
U.S. GAAP						
Total revenues	US$ 7,688	Ps. 100,393	Ps. 81,099	Ps. 69,131	Ps. 59,940	Ps. 54,196
Cost of goods sold	4,161	54,335	43,490	36,118	31,426	27,789
Gross profit	3,527	46,058	37,609	33,013	28,514	26,407
Operating expenses	2,439	31,843	25,567	22,279	19,773	17,658
Income from operations	1,089	14,215	12,042	10,734	8,741	8,749
Comprehensive financing result	134	1,752	3,917	278	1,142	1,255
Other expenses, net	17	226	440	241	(124)	98
Income taxes	270	3,525	1,987	3,272	2,420	2,467
Net income[4]	678	8,853	5,802	6,953	5,280	4,937
Net controlling income	644	8,407	5,571	6,765	5,104	4,809
Net non-controlling income	34	446	231	188	176	128
Basic and diluted net income per share[3]	0.35	4.55	3.02	3.66	2.76	2.60

Balance Sheet Data:						
Mexican FRS						
Cash, cash equivalents and marketable securities	US$ 746	Ps. 9,740	Ps. 6,192	Ps. 7,542	Ps. 4,641	Ps. 2,037
Other current assets	1,064	13,899	11,800	9,919	7,301	6,224
Property, plant and equipment, net	2,393	31,242	28,236	23,709	23,362	23,196
Intangible assets, net	3,898	50,898	47,453	42,458	41,064	40,701
Other assets, net	374	4,882	4,277	3,550	3,497	3,005
Total assets	8,475	110,661	97,958	87,178	80,427	76,214
Short-term bank loans and notes payable	416	5,427	6,119	4,814	3,419	4,988
Other current liabilities	1,380	18,021	15,214	11,496	9,904	9,216
Long-term bank loans and notes payable	804	10,498	12,455	14,102	16,799	16,952
Other long-term liabilities	631	8,243	6,554	5,985	5,850	5,730
Total liabilities	3,231	42,189	40,342	36,397	35,972	36,886
Shareholders' equity	5,244	68,472	57,616	50,781	44,454	39,329
Capital stock	239	3,116	3,116	3,116	3,116	3,116
Non-controlling interest in consolidated subsidiaries	176	2,296	1,703	1,641	1,475	1,299
Controlling interest	5,068	66,176	55,913	49,140	42,979	38,030
U.S. GAAP						
Cash, cash equivalents and marketable securities	US$ 746	Ps. 9,740	Ps. 6,192	Ps. 7,542	Ps. 5,074	Ps. 2,674
Other current assets	1,144	14,936	12,493	10,523	6,868	5,587
Property, plant and equipment, net	2,285	29,835	28,045	23,044	21,258	20,645
Intangible assets, net	3,778	49,336	46,580	42,458	41,088	40,685
Other assets, net	351	4,582	4,663	5,015	4,266	3,583
Total assets	8,304	108,429	97,973	88,582	78,554	73,174
Short-term bank loans and notes payable	416	5,427	6,119	4,814	3,289	4,780
Other current liabilities	1,381	18,033	15,226	11,430	9,329	8,283
Long-term bank loans and notes payable	804	10,497	12,455	14,102	16,789	16,921
Other long-term liabilities	646	8,435	7,705	7,111	6,117	5,715
Total liabilities	3,247	42,392	41,505	37,457	35,524	35,699
Equity[4]	5,057	66,037	56,468	51,125	43,030	37,475
Non-controlling interest in consolidated subsidiaries	179	2,333	1,707	1,653	1,260	1,036
Controlling interest	4,879	63,704	54,761	49,472	41,770	36,439
Capital stock	239	3,116	3,116	3,116	3,116	3,116
Other Data:						
Mexican FRS						
Depreciation[5][6]	US$ 266	Ps. 3,472	Ps. 3,022	Ps. 2,586	Ps. 2,625	Ps. 2,476
Capital expenditures[7]	481	6,282	4,802	3,682	2,863	2,516
U.S. GAAP						
Depreciation[5][6][8]	US$ 283	Ps. 3,696	Ps. 3,151	Ps. 2,717	Ps. 2,483	Ps. 2,261

(1) Translation to U.S. dollar amounts at an exchange rate of Ps. 13.0576 to US$ 1.00 solely for the convenience of the reader.
(2) Includes results from the operations of REMIL as of June 1, 2008. See "Item 4—Information on the Company—The Company—Corporate History."

(3) Computed on the basis of 1,846.5 million shares outstanding.
(4) Certain figures for years prior to 2009 have been reclassified for comparison purposes to 2009 figures. See Note 26(k) to our audited consolidated financial statements.
(5) Excludes estimated breakage of bottles and cases and amortization of other assets. See the consolidated statement of cash flows for 2009 and 2008 and the consolidated statement of changes in financial position for 2007 included in our consolidated financial statements.
(6) Includes depreciation of coolers reclassified to property, plant and equipment during 2009. Figures for previous years have been restated for comparison purposes.
(7) Includes investments in property, plant and equipment, and deferred charges, net of the book value of disposed assets.
(8) Expressed in historical Mexican pesos.

DIVIDENDS AND DIVIDEND POLICY

The following table sets forth the nominal amount in Mexican pesos of dividends declared and paid per share each year and the U.S. dollar amounts on a per share basis actually paid to holders of American Depositary Shares, which we refer to as ADSs, on each of the respective payment dates.

Fiscal Year with Respect to which Dividend was Declared	Date Dividend Paid	Mexican Pesos per Share (Nominal)	U.S. Dollars per Share[1]
2005	June 15, 2006	0.376	0.033
2006	May 15, 2007	0.438	0.041
2007	May 6, 2008	0.512	0.049
2008	April 13, 2009	0.727	0.054
2009	April 26, 2010	1.410	0.116

(1) Expressed in U.S. dollars using the exchange rate applicable when the dividend was paid.

The declaration, amount and payment of dividends are subject to approval by a simple majority of the shareholders up to an amount equivalent to 20% of the preceding years' accumulated net income and by a majority of shareholders of each of Series A and Series D Shares voting together as a single class above 20% of the preceding years' accumulated net income, generally upon the recommendation of our board of directors, and will depend upon our operating results, financial condition, capital requirements, general business conditions and the requirements of Mexican law. Accordingly, our historical dividend payments are not necessarily indicative of future dividends.

The declaration, amount and payment of dividends prior to the amendment to our bylaws as adopted at our extraordinary shareholders meeting held on April 14, 2010, following an amendment to the shareholders agreement between our main shareholders, were subject to approval by a simple majority of the shareholders of our voting shares.

Holders of Series L Shares, including in the form of ADSs, are not entitled to vote on the declaration and payments of dividends.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rate expressed in Mexican pesos per U.S. dollar.

Period	Exchange Rate			
	High	Low	Average[(1)]	End of Period
2005	Ps. 11.41	Ps. 10.41	Ps. 10.87	Ps. 10.63
2006	11.46	10.43	10.90	10.80
2007	11.27	10.67	10.93	10.92
2008	13.94	9.92	11.21	13.83
2009	15.41	12.63	13.58	13.06

Source: The Federal Reserve Bank of New York and U.S. Federal Reserve Board
(1) Average month-end rates.

	Exchange Rate		
	High	Low	End of Period
2008:			
First Quarter	Ps. 10.97	Ps. 10.63	Ps. 10.63
Second Quarter	10.60	10.27	10.30
Third Quarter	10.97	9.92	10.97
Fourth Quarter	13.94	10.97	13.83
2009:			
First Quarter	Ps. 15.41	Ps. 13.33	Ps. 14.21
Second Quarter	13.89	12.88	13.17
Third Quarter	13.80	12.82	13.48
Fourth Quarter	13.67	12.63	13.06
November	13.38	12.86	12.92
December	13.08	12.63	13.06
2010:			
First Quarter	Ps. 13.19	Ps. 12.30	Ps. 12.30
January	13.03	12.65	13.03
February	13.19	12.76	12.76
March	12.74	12.30	12.30
April	12.41	12.16	12.23
May	Ps. 13.13	Ps. 12.26	Ps. 12.86

Source: The Federal Reserve Bank of New York and the U.S. Federal Reserve Board

On June 4, 2010, the exchange rate was Ps. 12.8825 to US$ 1.00, according to the U.S. Federal Reserve Board.

We pay all cash dividends in Mexican pesos. As a result, exchange rate fluctuations will affect the U.S. dollar amounts received by holders of our ADSs, which represent ten Series L Shares, on conversion by the depositary for our ADSs of cash dividends on the shares represented by such ADSs. In addition, fluctuations in the exchange rate between the Mexican peso and the U.S. dollar would affect the market price of our ADSs.

RISK FACTORS

Risks Related to Our Company

Our business depends on our relationship with The Coca-Cola Company, and changes in this relationship may adversely affect our results of operations and financial condition.

Approximately 99% of our sales volume in 2009 was derived from sales of *Coca-Cola* trademark beverages. We produce, market and distribute *Coca-Cola* trademark beverages through standard bottler agreements in certain territories in Mexico and Latin America, which we refer to as "our territories." See "Item 4. Information on the Company—The Company—Our Territories." Through its rights under our bottler agreements and as a large shareholder, The Coca-Cola Company has the right to participate in the process utilized for the making of important decisions of our business.

The Coca-Cola Company may unilaterally set the price for its concentrate. In addition, under our bottler agreements, we are prohibited from bottling or distributing any other beverages without The Coca-Cola Company's authorization or consent, and we may not transfer control of the bottler rights of any of our territories without the consent of The Coca-Cola Company.

The Coca-Cola Company also makes significant contributions to our marketing expenses, although it is not required to contribute a particular amount. Accordingly, The Coca-Cola Company may discontinue or reduce such contributions at any time.

We depend on The Coca-Cola Company to renew our bottler agreements. In Mexico, we have four bottler agreements; the agreements for two territories expire in June 2013 and the agreements for the other two territories expire in May 2015. Our bottler agreements with The Coca-Cola Company will expire for our territories in the following countries: Argentina in September 2014; Brazil in April 2014; Colombia in June 2014; Venezuela in August 2016; Guatemala in March 2015; Costa Rica in September 2017; Nicaragua in May 2016; and Panama in November 2014. All of our bottler agreements are automatically renewable for ten-year terms, subject to the right of either party to give prior notice that it does not wish to renew a specific agreement. In addition, these agreements generally may be terminated in the case of material breach. See "Item 4. Information on the Company—Bottler Agreements." Termination would prevent us from selling *Coca-Cola* trademark beverages in the affected territory and would have an adverse effect on our business, financial conditions, results of operations and prospects.

The Coca-Cola Company and FEMSA have substantial influence on the conduct of our business, which may result in us taking actions contrary to the interests of our remaining shareholders.

The Coca-Cola Company and Fomento Económico Mexicano, S.A.B. de C.V., which we refer to as FEMSA, have substantial influence on the conduct of our business. Currently, The Coca-Cola Company indirectly owns 31.6% of our outstanding capital stock, representing 37.0% of our capital stock with full voting rights. The Coca-Cola Company is entitled to appoint four of our 18 directors and the vote of at least two of them is required to approve certain actions by our board of directors. FEMSA indirectly owns 53.7% of our outstanding capital stock, representing 63.0% of our capital stock with full voting rights. FEMSA is entitled to appoint 11 of our 18 directors and all of our executive officers. The Coca-Cola Company and FEMSA together, or only FEMSA in certain circumstances, have the power to determine the outcome of all actions requiring approval by our board of directors, and FEMSA and The Coca-Cola Company together, or only FEMSA in certain circumstances, have the power to determine the outcome of all actions requiring approval of our shareholders. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—The Shareholders Agreement." The interests of The Coca-Cola Company and FEMSA may be different from the interests of our remaining shareholders, which may result in us taking actions contrary to the interests of our remaining shareholders.

We have significant transactions with affiliates, particularly The Coca-Cola Company and FEMSA, which may create the potential for conflicts of interest and could result in less favorable terms to us.

We engage in transactions with subsidiaries of both The Coca-Cola Company and FEMSA. Our main transactions with FEMSA include supply agreements under which we purchase certain supplies and equipment, a service agreement under which a FEMSA subsidiary transports finished products from our production facilities to distribution facilities in Mexico, sales of finished products to Oxxo, a Mexican convenience store chain owned by FEMSA, a service agreement under which a FEMSA subsidiary provides administrative services to us, and sales and distribution agreements with Cervejarias Kaiser Brasil S.A., or Cervejarias Kaiser, a Brazilian subsidiary of FEMSA Cerveza, S.A. de C.V., or FEMSA Cerveza, a brewer formerly owned by FEMSA with operations in Mexico and Brazil. On April 30, 2010, the transaction pursuant to which FEMSA agreed to exchange 100% of its beer operations for a 20% economic interest in the Heineken Group closed. We have agreed with Cervejarias Kaiser to continue to distribute and sell the *Kaiser* beer portfolio in our Brazilian territories through the 20-year term, consistent with the arrangements in place since 2006. See "Item 4. Information on the Company—The Company—Product and Packaging Mix—Mercosur (Brazil and Argentina)." In addition, we have entered into cooperative marketing arrangements with The Coca-Cola Company and FEMSA. We are a party to a number of bottler agreements with The Coca-Cola Company. We also have agreed to jointly develop still beverages and waters in our territories with The Coca-Cola Company and have entered into agreements to jointly acquire companies with The Coca-Cola Company. See "Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions."

Our transactions with related parties may create the potential for conflicts of interest, which could result in terms less favorable to us than could be obtained from an unaffiliated third party.

Competition could adversely affect our financial performance.

The beverage industry in the territories in which we operate is highly competitive. We face competition from other bottlers of sparkling beverages such as *Pepsi* products, and from producers of low cost beverages or "B brands." We also compete in different beverage categories, other than sparkling beverages, such as water, juice-based beverages and sport drinks. Although competitive conditions are different in each of our territories, we compete principally in terms of price, packaging, consumer sales promotions, customer service and product innovation. See "Item 4. Information on the Company—The Company—Competition." There can be no assurances that we will be able to avoid lower pricing as a result of competitive pressure. Lower pricing, changes made in response to competition and changes in consumer preferences may have an adverse effect on our financial performance.

Changes in consumer preference could reduce demand for some of our products.

The non-alcoholic beverage industry is rapidly evolving as a result of, among other things, changes in consumer preferences. Specifically, consumers are becoming increasingly more aware of and concerned about environmental and health issues. Concerns over the environmental impact of plastic may reduce the consumption of our products sold in plastic bottles or result in additional taxes that would adversely affect consumer demand. In addition, researchers, health advocates and dietary guidelines are encouraging consumers to reduce their consumption of certain types of beverages sweetened with sugar and high fructose corn syrup, which could reduce demand for certain of our products. A reduction in consumer demand would adversely affect our results of operations.

Water shortages or any failure to maintain existing concessions could adversely affect our business.

Water is an essential component of all of our products. We obtain water from various sources in our territories, including springs, wells, rivers and municipal and state water companies pursuant to either contracts to obtain water or pursuant to concessions granted by governments in our various territories.

We obtain the vast majority of the water used in our production pursuant to concessions to exploit wells, which are generally granted based on studies of the existing and projected groundwater supply. Our existing water

concessions or contracts to obtain water may be terminated by governmental authorities under certain circumstances and their renewal depends on receiving necessary authorizations from local and/or federal water authorities. See "Item 4. Information on the Company—Regulation—Water Supply Law." In some of our other territories, our existing water supply may not be sufficient to meet our future production needs, and the available water supply may be adversely affected by shortages or changes in governmental regulations.

We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our water supply needs.

Increases in the prices of raw materials would increase our cost of goods sold and may adversely affect our results of operations.

Our most significant raw materials are (1) concentrate, which we acquire from affiliates of The Coca-Cola Company, (2) packaging materials and (3) sweeteners. Prices for concentrate are determined by The Coca-Cola Company as a percentage of the weighted average retail price in local currency, net of applicable taxes. In 2005, The Coca-Cola Company decided to gradually increase concentrate prices for sparkling beverages over a three-year period in Brazil beginning in 2006 and in Mexico beginning in 2007. These increases were fully implemented in Brazil in 2008 and in Mexico in 2009, but we may experience further increases in the future. The prices for our remaining raw materials are driven by market prices and local availability as well as the imposition of import duties and import restrictions and fluctuations in exchange rates. We are also required to meet all of our supply needs from suppliers approved by The Coca-Cola Company, which may limit the number of suppliers available to us. Our sales prices are denominated in the local currency in each country in which we operate, while the prices of certain materials, including those used in the bottling of our products, mainly resin, ingots to make plastic bottles, finished plastic bottles, aluminum cans and high fructose corn syrup, are paid in or determined with reference to the U.S. dollar, and therefore may increase if the U.S. dollar appreciates against the currency of the countries in which we operate, as was the case in 2008 and 2009. See "Item 4. Information on the Company—The Company—Raw Materials."

Our most significant packaging raw material costs arise from the purchase of resin and plastic ingots to make plastic bottles and from the purchase of finished plastic bottles, the prices of which are tied to crude oil prices and global resin supply. The average prices that we paid for resin and plastic ingots in U.S. dollars decreased significantly in 2009 and in 2008 as compared to 2007, although we did not benefit from these prices decreases due to the devaluation of the Mexican peso against the U.S. dollar in 2009. Prices may increase in future periods. Sugar prices worldwide have been volatile during 2009, mainly due to a production shortfall in India, one of the largest global producers of sugar. Sugar prices in all of the countries in which we operate other than Brazil are subject to local regulations and other barriers to market entry that cause us to pay in excess of international market prices for sugar. Average sweetener prices paid during 2009 were higher as compared to 2008 in all of the countries in which we operate. See "Item 4. Information on the Company—The Company—Raw Materials—Mercosur (Brazil and Argentina)." We cannot assure you that our raw material prices will not further increase in the future. Increases in the prices of raw materials would increase our cost of goods sold and adversely affect our financial performance.

In Venezuela, sugar supply was affected in 2009. See "Item 4. Information on the Company—The Company—Raw Materials—Venezuela." We cannot assure you that we will be able to meet our sugar requirements in the long term if sugar supply conditions do not improve in Venezuela.

Taxes could adversely affect our business.

The countries in which we operate may adopt new tax laws or modify existing law to increase taxes applicable to our business. For example, in Mexico, a general tax reform become effective on January 1, 2010, pursuant to which, as applicable to us, there will be a temporary increase in the income tax rate from 28% to 30% from 2010 through 2012. This increase will be followed by a reduction to 29% for the year 2013 and a further reduction in 2014 to return to the previous rate of 28%. In addition, the value added tax (VAT) rate increased in 2010 from 15% to 16%. This increase might affect demand for, and consumption of, our products and, consequently, our financial performance.

Our products are also subject to certain taxes in many of the countries in which we operate. Certain countries in Central America, Brazil and Argentina also impose taxes on sparkling beverages. See "Item 4. Information on the Company—Regulation—Taxation of Sparkling Beverages." We cannot assure you that any governmental authority in any country where we operate will not impose new taxes or increase taxes on our products in the future.

The imposition of new taxes or increases in taxes on our products may have a material adverse effect on our business, financial condition, prospects and results of operations.

Regulatory developments may adversely affect our business.

We are subject to regulation in each of the territories in which we operate. The principal areas in which we are subject to regulation are environment, labor, taxation, health and antitrust. Regulation can also affect our ability to set prices for our products. See "Item 4. Information of the Company—Regulation." The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the countries in which we operate may increase our operating costs or impose restrictions on our operations which, in turn, may adversely affect our financial condition, business and results of operations. In particular, environmental standards are becoming more stringent in several of the countries in which we operate, and we are in the process of complying with these standards, although we cannot assure you that we will be able to meet any timelines for compliance established by the relevant regulatory authorities. See "Item 4. Information of the Company—Regulation—Environmental Matters." Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on our future results of operations or financial condition.

Voluntary price restraints or statutory price controls have been imposed historically in several of the countries in which we operate. We are currently subject to price controls in Argentina. The imposition of these restrictions or voluntary price restraints in other territories may have an adverse effect on our results of operations and financial position. See "Item 4. Information on the Company—Regulation—Price Controls." We cannot assure you that governmental authorities in any country where we operate will not impose statutory price controls or that we will need to implement voluntary price restraints in the future.

In January 2010, the Venezuelan government amended the *Ley para la Defensa y Acceso a las Personas a los Bienes y Servicios* (Access to Goods and Services Defense Law). Any violation by a company that produces, distributes and sells goods and services could lead to fines, penalties or the confiscation of the assets used to produce, distribute and sell these goods without compensation. Although we believe we are in compliance with this law, consumer protection laws in Venezuela are subject to continuing review and changes, and any such changes could lead to an adverse impact on us.

Our operations have from time to time been subject to investigations and proceedings by antitrust authorities and litigation relating to alleged anticompetitive practices. We have also been subject to investigations and proceedings on environmental and labor matters. We cannot assure you that these investigations and proceedings could not have an adverse effect on our results of operations or financial condition. See "Item 8. Financial Information—Legal Proceedings."

Risks Related to the Series L Shares and the ADSs

Holders of our Series L Shares have limited voting rights.

Holders of our Series L Shares are entitled to vote only in certain circumstances. They generally may elect three of our 18 directors and are only entitled to vote on specific matters, including certain changes in our corporate form, mergers involving our company when our company is the merged entity or when the principal corporate purpose of the merged entity is not related to the corporate purpose of our company, the cancellation of the registration of our shares on the Mexican Stock Exchange or any other foreign stock exchange, and those matters for which the *Ley de Mercado de Valores* (Mexican Securities Market Law) expressly allow them to vote. As a result, Series L shareholders will not be able to influence our business or operations. See "Item 7. Major Shareholders and

Related Party Transactions—Major Shareholders" and "Item 10. Additional Information—Bylaws—Voting Rights, Transfer Restrictions and Certain Minority Rights."

Holders of ADSs may not be able to vote at our shareholder meetings.

Our shares are traded on the New York Stock Exchange (NYSE) in the form of ADSs. Holders of our shares in the form of ADSs may not receive notice of shareholders meetings from our ADS depositary in sufficient time to enable such holders to return voting instructions to the ADS depositary in a timely manner.

The protections afforded to non-controlling interest shareholders in Mexico are different from those afforded to minority shareholders in the United States and investors may experience difficulties in enforcing civil liabilities against us or our directors, officers and controlling persons.

Under the Mexican Securities Market Law, the protections afforded to non-controlling interest shareholders are different from, and may be less than, those afforded to minority shareholders in the United States as follows: (1) the Mexican Securities Market Law does not provide a remedy for shareholders relating to violations of fiduciary duties by our directors and officers, (2) there is no procedure for class actions as such actions are conducted in the United States and (3) there are different procedural requirements for bringing shareholder lawsuits for the benefit of companies. Therefore, it may be more difficult for non-controlling interest shareholders to enforce their rights against us, our directors or our controlling interest shareholders than it would be for minority shareholders of a United States company.

In addition, we are organized under the laws of Mexico, and most of our directors, officers and controlling persons reside outside the United States, and all or a substantial portion of our assets and the assets of our directors, officers and controlling persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws.

The enforceability against our directors, officers and controlling persons in Mexico in actions for enforcement of judgments of U.S. courts, and liabilities predicated solely upon the U.S. federal securities laws will be subject to certain requirements provided for in the Mexican Federal Civil Procedure Code and any applicable treaties. Some of the requirements may include personal service of process and that the judgments of U.S. courts are not against Mexican public policy. The Mexican Securities Market Law, which is considered Mexican public policy, provides that in the event of actions derived from any breach of the duty of care and the duty of loyalty against our directors and officers, any remedy would be exclusively for the benefit of the company. Therefore, investors would not be directly entitled to any remedies under such actions.

Developments in other countries may adversely affect the market for our securities.

The market value of securities of Mexican companies is, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries, including Mexico. We cannot assure you that events elsewhere, especially in emerging markets, will not adversely affect the market value of our securities.

Holders of Series L Shares in the United States and holders of ADSs may not be able to participate in any capital offering and as a result may be subject to dilution of their equity interests.

Under applicable Mexican law, if we issue new shares for cash as a part of a capital increase, other than in connection with a public offering of newly issued shares or treasury stock, we are generally required to grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage. Rights to purchase shares in these circumstances are known as preemptive rights. We may not legally allow holders of our shares or ADSs who are located in the United States to exercise any preemptive rights in any future capital increases unless (1) we file a registration statement with the United States Securities and Exchange Commission, or SEC, with respect to that future issuance of shares or (2) the offering qualifies for an exemption from the registration

requirements of the U.S. Securities Act of 1933, as amended. At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement with the SEC, as well as the benefits of preemptive rights to holders of our shares in the form of ADSs in the United States and any other factors that we consider important in determining whether to file a registration statement.

We may decide not to file a registration statement with the SEC to allow holders of our shares or ADSs who are located in the United States to participate in a preemptive rights offering. In addition, under current Mexican law, the sale by the ADS depositary of preemptive rights and the distribution of the proceeds from such sales to the holders of our shares in the form of ADSs is not possible. As a result, the equity interest of holders of our shares in the form of ADSs would be diluted proportionately. See "Item 10. Additional Information—Bylaws—Preemptive Rights."

Risks Related to Mexico and the Other Countries in Which We Operate

Adverse economic conditions in Mexico may adversely affect our financial condition and results of operations.

We are a Mexican corporation, and our Mexican operations are our single most important geographic territory. For the year ended December 31, 2009, 35.8% of our total revenues were attributable to Mexico. The Mexican economy continues to be heavily influenced by the U.S. economy, and therefore, deterioration in economic conditions in the U.S. economy may affect the Mexican economy. Prolonged periods of weak economic conditions in Mexico may have, and in the past have had, a negative effect on our company and a material adverse effect on our results of operations and financial condition.

Our business may be significantly affected by the general condition of the Mexican economy, or by the rate of inflation and interest rates in Mexico and exchange rates for the Mexican peso. Decreases in the growth rate of the Mexican economy, periods of negative growth and/or increases in inflation or interest rates may result in lower demand for our products, lower real pricing of our products or a shift to lower margin products. In addition, an increase in interest rates in Mexico would increase the cost to us of variable rate, Mexican peso-denominated funding, which constituted approximately 37.3% of our total debt as of December 31, 2009 (after giving effect to cross-currency swaps and interest rate swaps), and have an adverse effect on our financial position and results of operations.

Depreciation of the Mexican peso relative to the U.S. dollar could adversely affect our financial condition and results of operations.

Depreciation of the Mexican peso relative to the U.S. dollar increases the cost to us of some of the raw materials we acquire, the price of which is paid in or determined with reference to U.S. dollars, and of our debt obligations denominated in U.S. dollars and thereby may negatively affect our results of operations and financial position. Since the second half of 2008, the value of the Mexican peso relative to the U.S. dollar fluctuated significantly. According to the U.S. Federal Reserve Board during this period, the exchange rate registered a low of Ps. 9.9166 to US$ 1.00 at August 5, 2008, and a high of Ps. 15.4060 to US$ 1.00 at March 2, 2009. At June 4, 2010 the exchange rate was Ps. 12.8825 to US$ 1.00. See "—Exchange Rate Information" and "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Exchange Rate Risk."

We generally do not hedge our exposure to the U.S. dollar with respect to the Mexican peso and other currencies, other than with respect to our U.S. dollar-denominated debt obligations. A severe depreciation of the Mexican peso may also result in disruption of the international foreign exchange markets and may limit our ability to transfer or to convert Mexican pesos into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our U.S. dollar-denominated indebtedness or obligations in other currencies. While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could institute restrictive exchange rate policies in the future. Currency fluctuations may have an adverse effect on our results of operations, financial condition and cash flows in future periods.

Political and social developments in Mexico could adversely affect our operations.

Mexican political and social developments may significantly affect our operations. Presidential elections in Mexico occur every six years, and the most recent election occurred in July 2006. The most recent election in the *Cámara de Diputados* (House of Representatives) occurred in July 2009, and although the *Partido Revolucionario Institucional* won a plurality of the seats, no single party currently has a majority in either chamber of the Mexican Congress. The absence of a clear majority by a single party in the Mexican Congress may result in government gridlock and political uncertainty. We cannot provide any assurances that political or social developments in Mexico, over which we have no control, will not have an adverse effect on Mexico's economic situation and on our business, financial condition or results of operations.

Economic and political conditions in the other Latin American countries in which we operate may increasingly adversely affect our business.

In addition to Mexico, we conduct operations in Guatemala, Nicaragua, Costa Rica, Panama, Colombia, Venezuela, Brazil and Argentina. Product sales and income from our combined non-Mexican operations increased as a percentage of our consolidated product sales and income from operations from 42.8% and 29.5%, respectively, in 2005 to 64.2% and 56.8%, respectively, in 2009. We expect this trend to continue in future periods. As a consequence, our future results will be increasingly affected by the economic and political conditions in the countries, other than Mexico, where we conduct operations.

Consumer demand, preferences, real prices and the costs of raw materials are heavily influenced by macroeconomic and political conditions in the other countries in which we operate. These conditions vary by country and may not be correlated to conditions in our Mexican operations. For example, Brazil and Colombia have a history of economic volatility and political instability. In Venezuela we face exchange rate risk as well as scarcity of and restrictions to import raw materials. Deterioration in economic and political conditions in any of these countries would have an adverse effect on our financial position and results of operations.

Depreciation of the local currencies of the countries in which we operate against the U.S. dollar may increase our operating costs. We have also operated under exchange controls in Venezuela since 2003 that affect our ability to remit dividends abroad or make payments other than in local currencies and that may increase the real price paid for raw materials and services purchased in local currency. In January 2010, the Venezuelan government announced a devaluation of its official exchange rates and the establishment of a multiple exchange rate system of: (1) 2.60 bolivares to US$ 1.00 for high priority categories (2) 4.30 bolivares to US$ 1.00 for non-priority categories and (3) the recognition of the existence of other exchange rates which the government shall determine. We expect this devaluation will have an adverse impact on our financial results, by increasing our operating costs and by reducing the Mexican peso amounts from our Venezuelan operations reported in our financial statements as a result of the translation accounting rules under Mexican Financial Reporting Standards. The exchange rate that will be used to translate our financial statements as of January 2010 will be 4.30 bolivares per U.S. dollar. As of December 31, 2009, the financial statements were translated to Mexican pesos using the exchange rate of 2.15 bolivares per U.S. dollar. As a result of this devaluation, the balance sheet of our Venezuelan subsidiary will reflect a reduction in shareholders' equity of approximately Ps. 3,700 million, accounted for in January 2010.

Future currency devaluation or the imposition of exchange controls in any of the countries in which we have operations would have an adverse effect on our financial position and results of operations.

We cannot assure you that political or social developments in any of the countries in which we have operations, over which we have no control, will not have a corresponding adverse effect on the economic situation and on our business, financial condition or results of operations.

Item 4. Information on the Company

THE COMPANY

Overview

We are the largest bottler of *Coca-Cola* trademark beverages in Latin America, and the second largest in the world, calculated in each case by sales volume in 2009. We operate in territories in the following countries:

- Mexico – a substantial portion of central Mexico (including Mexico City and the states of Michoacán and Guanajuato) and southeast Mexico (including the Gulf region).
- Central America – Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide) and Panama (nationwide).
- Colombia – most of the country.
- Venezuela – nationwide.
- Brazil – the area of greater São Paulo, Campinas, Santos, the state of Mato Grosso do Sul, part of the state of Minas Gerais and part of the state of Goiás.
- Argentina – Buenos Aires and surrounding areas.

Our company was organized on October 30, 1991 as a *sociedad anónima de capital variable* (a variable capital stock corporation) under the laws of Mexico with a duration of 99 years. On December 5, 2006, in response to amendments to the Mexican Securities Market Law, we became a *sociedad anónima bursátil de capital variable* (a variable capital listed stock corporation). Our legal name is Coca-Cola FEMSA, S.A.B. de C.V. Our principal executive offices are located at Guillermo González Camarena No. 600, Col. Centro de Ciudad Santa Fé, Delegación Álvaro Obregón, México, D.F., 01210, México. Our telephone number at this location is (52-55) 5081-5100. Our website is www.coca-colafemsa.com.

The following is an overview of our operations by segment in 2009.

Operations by Segment—Overview
Year Ended December 31, 2009[(1)]

	Total Revenues	Percentage of Total Revenues	Income from Operations	Percentage of Income from Operations
Mexico	36,785	36%	6,849	43%
Latincentro[(2)]	15,993	15%	2,937	19%
Venezuela	22,430	22%	1,815	11%
Mercosur[(3)]	27,559	27%	4,234	27%
Consolidated	102,767	100%	15,835	100%

(1) Expressed in millions of Mexican pesos, except for percentages.
(2) Includes Guatemala, Nicaragua, Costa Rica, Panama and Colombia.
(3) Includes Brazil and Argentina.

Corporate History

We are a subsidiary of FEMSA, which also owns Oxxo, the largest Mexican convenience store chain, and which formerly owned FEMSA Cerveza, a brewer with operations in Mexico and Brazil. On April 30, 2010, the transaction pursuant to which FEMSA agreed to exchange 100% of its beer operations for a 20% economic interest in the Heineken Group closed.

In 1979, a subsidiary of FEMSA acquired certain sparkling beverage bottlers that are now a part of our company. At that time, the acquired bottlers had 13 Mexican distribution centers operating 701 distribution routes, and their production capacity was 83 million physical cases. In 1991, FEMSA transferred its ownership in the bottlers to FEMSA Refrescos, S.A. de C.V., the corporate predecessor to Coca-Cola FEMSA, S.A.B. de C.V.

In June 1993, a subsidiary of The Coca-Cola Company subscribed for 30% of our capital stock in the form of Series D Shares for US$ 195 million. In September 1993, FEMSA sold Series L Shares that represented 19% of our capital stock to the public, and we listed these shares on the Mexican Stock Exchange and, in the form of ADSs, on the New York Stock Exchange. In a series of transactions between 1994 and 1997, we acquired territories in Argentina and additional territories in southern Mexico.

In May 2003, we acquired Panamerican Beverages, or Panamco, and began producing and distributing *Coca-Cola* trademark beverages in additional territories in the central and the gulf regions of Mexico and in Central America (Guatemala, Nicaragua, Costa Rica and Panama), Colombia, Venezuela and Brazil, along with bottled water, beer and other beverages in some of these territories. As a result of the acquisition, the interest of The Coca-Cola Company in the capital stock of our company increased from 30% to 39.6%.

During August 2004, we conducted a rights offering to allow existing holders of our Series L Shares and ADSs to acquire newly-issued Series L Shares in the form of Series L Shares and ADSs, respectively, at the same price per share at which FEMSA and The Coca-Cola Company subscribed in connection with the Panamco acquisition. In March 2006, our shareholders approved the non-cancellation of the 98,684,857 Series L Shares (equivalent to approximately 9.87 million ADSs, or over one-third of the outstanding Series L Shares) that were not subscribed for in the rights offering which were available for subscription at a price of no less than US$ 2.216 per share or its equivalent in Mexican currency.

In November 2006, FEMSA acquired, through a subsidiary, 148,000,000 of our Series D Shares from certain subsidiaries of The Coca-Cola Company representing 9.4% of the total outstanding voting shares and 8.0% of the total outstanding equity of Coca-Cola FEMSA, at a price of US$ 2.888 per share for an aggregate amount of US$ 427.4 million. With this purchase, FEMSA increased its ownership to 53.7% of our capital stock. Pursuant to our bylaws, the acquired shares were converted from Series D Shares to Series A Shares.

In November 2007, Administración, S.A.P.I. de C.V., or Administración, a Mexican company owned directly or indirectly by us and The Coca-Cola Company, acquired 100% of the shares of capital stock of Jugos del Valle. The business of Jugos del Valle in the United States was acquired and sold by The Coca-Cola Company. Subsequently, we and The Coca-Cola Company and all Mexican and Brazilian *Coca-Cola* bottlers entered into a joint business for the Mexican and the Brazilian operations, respectively, of Jugos del Valle, through transactions completed during 2008. We hold an interest of approximately 20% in each of the Mexican joint business and the Brazilian joint businesses. Jugos del Valle sells fruit juice-based beverages and fruit derivatives.

In May 2008, we entered into a transaction with The Coca-Cola Company to acquire its wholly owned bottling franchise Refrigerantes Minas Gerais, Ltda., or REMIL, located in the State of Minas Gerais in Brazil, and we paid a purchase price of US$ 364.1 million in June 2008. We began to consolidate REMIL in our financial statements as of June 1, 2008.

In December 2007 and May 2008, we sold most of our proprietary brands to The Coca-Cola Company. The proprietary brands are now being licensed back to us by The Coca-Cola Company pursuant to our bottler agreements. The December 2007 transaction was valued at US$ 48 million and the May 2008 transaction was valued at US$ 16 million. We believe that both of these transactions were conducted on an arm's length basis.

Revenues from the sale of proprietary brands in which we have a significant continuing involvement are deferred and amortized against the related costs of future sales over the estimated sales period.

In July 2008, we acquired the *Agua De Los Angeles* jug water business in the Valley of Mexico (Mexico City and surrounding areas) from Grupo Embotellador CIMSA, S.A. de C.V., one of the *Coca-Cola* bottling franchises in Mexico, for a purchase price of US$ 18.3 million. The trademarks remain with The Coca-Cola Company. We subsequently merged *Agua De Los Angeles* into our jug water business under the *Ciel* brand.

In February 2009, we acquired with The Coca-Cola Company the *Brisa* bottled water business in Colombia from Bavaria, a subsidiary of SABMiller. We acquired the production assets and the distribution territory, and The Coca-Cola Company acquired the *Brisa* brand. We and The Coca-Cola Company equally shared in paying the purchase price of US$ 92 million. Following a transition period, in June 2009, we started to sell and distribute the *Brisa* portfolio of products in Colombia.

In May 2009, we entered into an agreement to develop the *Crystal* trademark water products in Brazil jointly with The Coca-Cola Company.

As of March 1, 2010, FEMSA indirectly owned Series A Shares equal to 53.7% of our capital stock (63.0% of our capital stock with full voting rights). As of March 1, 2010, The Coca-Cola Company indirectly owned Series D Shares equal to 31.6% of the capital stock of our company (37.0% of our capital stock with full voting rights). Series L Shares with limited voting rights, which trade on the Mexican Stock Exchange and in the form of ADSs on the New York Stock Exchange, constitute the remaining 14.7% of our capital stock.

Business Strategy

We operate with a large geographic footprint in Latin America and have established divisional headquarters in the following three regions:

- Mexico with headquarters in Mexico City;
- Latincentro (covering territories in Guatemala, Nicaragua, Costa Rica, Panama, Colombia and Venezuela) with headquarters in San José, Costa Rica; and
- Mercosur (covering territories in Brazil and Argentina) with headquarters in São Paulo, Brazil.

Our goal is to maximize growth and profitability to create value for our shareholders. Our efforts to achieve this goal are based on: (1) implementing multi-segmentation strategies in our major markets to target distinct market clusters divided by consumption occasion, competitive intensity and socioeconomic levels; (2) implementing well-planned product, packaging and pricing strategies through different distribution channels; (3) driving product innovation along our different product categories and (4) achieving operational efficiencies throughout our company. To achieve these goals, we intend to continue to focus our efforts on, among other initiatives, the following:

- working with The Coca-Cola Company to develop a business model to continue exploring and participating in new lines of beverages, extending existing product lines and effectively advertising and marketing our products;

- developing and expanding our still beverage portfolio through strategic acquisitions and by entering into agreements to jointly acquire companies with The Coca-Cola Company;

- expanding our bottled water strategy, in conjunction with The Coca-Cola Company through innovation and selective acquisitions to maximize profitability across our market territories;

- strengthening our selling capabilities and go-to-market strategies, including pre-sale, conventional selling and hybrid routes, in order to get closer to our clients and help them satisfy the beverage needs of consumers;

- implementing selective packaging strategies designed to increase consumer demand for our products and to build a strong returnable base for the *Coca-Cola* brand;

- replicating our best practices throughout the value chain;

- rationalizing and adapting our organizational and asset structure in order to be in a better position to respond to a changing competitive environment;

- committing to building a multi-cultural collaborative team, from top to bottom; and

- broadening our geographic footprint through organic growth and strategic acquisitions.

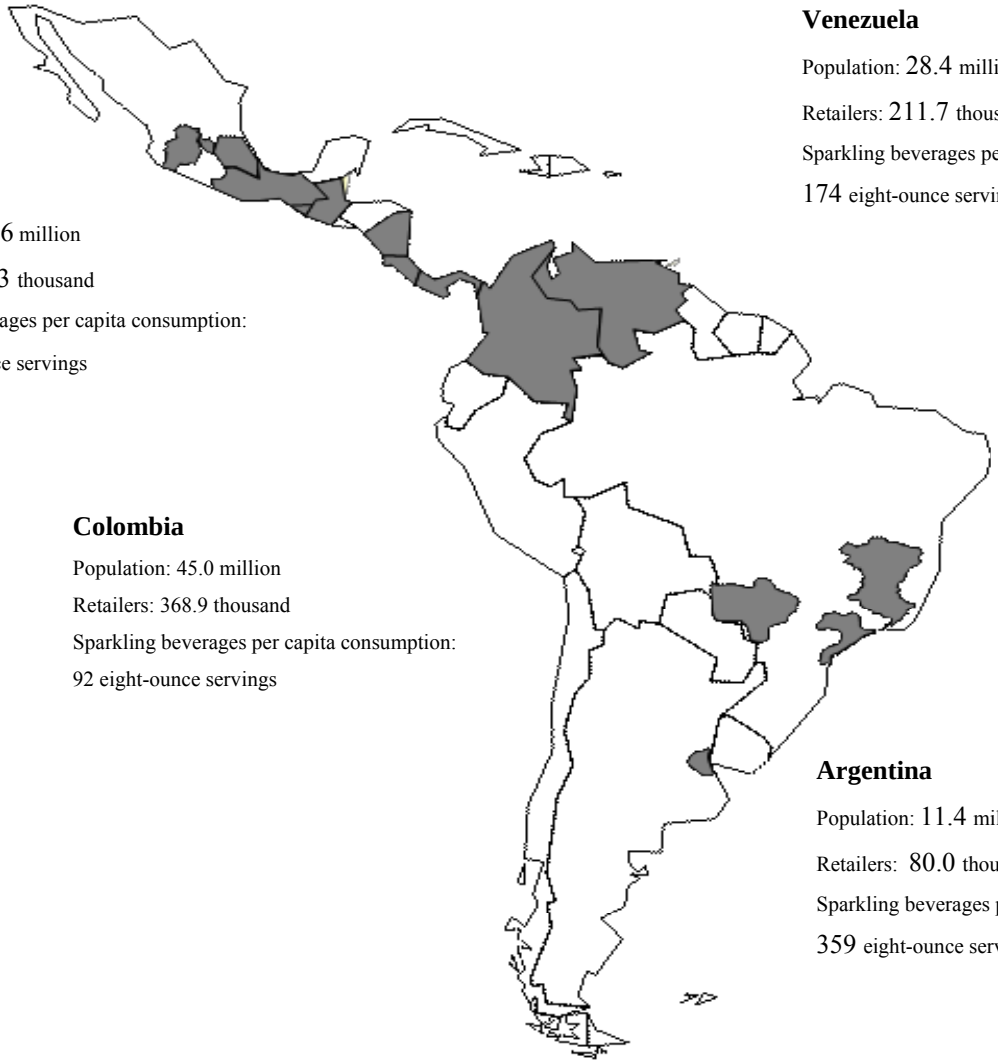
We seek to increase per capita consumption of our products in the territories in which we operate. To that end, our marketing teams continuously develop sales strategies tailored to the different characteristics of our various territories and distribution channels. We continue to develop our product portfolio to better meet market demand and maintain our overall profitability. To stimulate and respond to consumer demand, we continue to introduce new products and new presentations. See "—Product and Packaging Mix." In addition, because we view our relationship with The Coca-Cola Company as integral to our business, we use market information systems and strategies developed with The Coca-Cola Company to improve our business and marketing strategies. See "—Description of Property, Plant and Equipment."

We also continuously seek to increase productivity in our facilities through infrastructure and process reengineering for improved asset utilization. Our capital expenditure program includes investments in production and distribution facilities, bottles, cases, coolers and information systems. We believe that this program will allow us to maintain our capacity and flexibility to innovate and to respond to consumer demand for our products.

Finally, we focus on management quality as a key element of our growth strategy and remain committed to fostering the development of quality management at all levels. Both FEMSA and The Coca-Cola Company provide us with managerial experience. To build upon these skills, we also offer management training programs designed to enhance our executives' abilities and to provide a forum for exchanging experiences, know-how and talent among an increasing number of multinational executives from our new and existing territories.

Our Territories

The following map shows our territories, giving estimates in each case of the population to which we offer products, the number of retailers of our beverages and the per capita consumption of our sparkling beverages as of December 31, 2009:



Central America (Guatemala, Nicaragua, Costa Rica and Panama)

Population: 19.5 million

Retailers: 106.2 thousand

Venezuela

Population: 28.4 million

Retailers: 211.7 thousand

Sparkling beverages per capita consumption: 174 eight-ounce servings

Mexico

Population: 49.6 million

Retailers: 620.3 thousand

Sparkling beverages per capita consumption: 436 eight-ounce servings

Brazil

Population: 43.6 million

Retailers: 189.8 thousand

Sparkling beverages per capita consumption: 214 eight-ounce servings

Colombia

Population: 45.0 million

Retailers: 368.9 thousand

Sparkling beverages per capita consumption: 92 eight-ounce servings

Argentina

Population: 11.4 million

Retailers: 80.0 thousand

Sparkling beverages per capita consumption: 359 eight-ounce servings

Per capita consumption data for a territory is determined by dividing sparkling beverage sales volume within the territory (in bottles, cans, and fountain containers) by the estimated population within such territory, and is expressed on the basis of the number of eight-ounce servings of our products consumed annually per capita. In evaluating the development of local volume sales in our territories and to determine product potential, we and The Coca-Cola Company measure, among other factors, the per capita consumption of our sparkling beverages.

Our Products

We produce, market and distribute *Coca-Cola* trademark beverages and brands licensed from FEMSA. The *Coca-Cola* trademark beverages include: sparkling beverages (colas and flavored sparkling beverages), waters, and still beverages (including juice drinks, teas and isotonics). In December 2007 and May 2008, we sold most of our proprietary brands to The Coca-Cola Company. See "—Corporate History." The following table sets forth our main brands as of December 31, 2009:

Colas:	**Mexico**	**Latincentro**[1]	**Venezuela**	**Mercosur**[2]
Coca-Cola	✔	✔	✔	✔
Coca-Cola light	✔	✔	✔	✔
Coca-Cola Zero	✔	✔	✔	✔

Flavored sparkling beverages:	**Mexico**	**Latincentro**[1]	**Venezuela**	**Mercosur**[2]
Aquarius Fresh				✔
Chinotto			✔	
Crush		✔		✔
Fanta	✔	✔		✔
Fresca	✔	✔		
Frescolita		✔	✔	
Hit			✔	
Kuat				✔
Lift	✔	✔		
Mundet[3]	✔			
Quatro		✔		✔
Simba				✔
Sprite	✔	✔		✔

Water:	**Mexico**	**Latincentro**[1]	**Venezuela**	**Mercosur**[2]
Alpina		✔		
Brisa		✔		
Ciel	✔			
Crystal				✔
Kin				✔
Manantial		✔		
Nevada			✔	
Santa Clara[4]		✔		✔

Other Categories:	**Mexico**	**Latincentro**[1]	**Venezuela**	**Mercosur**[2]
Aquarius				✔
Dasani[5]		✔		✔
Hi-C[6]		✔		
Jugos del Valle[6]	✔	✔		✔
Nestea	✔	✔	✔	
Powerade[7]	✔	✔	✔	✔

(1) Includes Guatemala, Nicaragua, Costa Rica, Panama and Colombia.
(2) Includes Brazil and Argentina.
(3) Brand licensed from FEMSA.
(4) Proprietary brand.
(5) Flavored water. In Argentina, also still water.
(6) Juice-based beverage. Includes *ValleFrut* in Mexico and *Fresh* in Colombia.
(7) Isotonic.

Sales Overview

We measure total sales volume in terms of unit cases. Unit case refers to 192 ounces of finished beverage product (24 eight-ounce servings) and, when applied to soda fountains, refers to the volume of syrup, powders and concentrate that is required to produce 192 ounces of finished beverage product. The following table illustrates our historical sales volume for each of our territories.

	Sales Volume Year Ended December 31,		
	2009	2008	2007
	(millions of unit cases)		
Mexico	1,227.2	1,149.0	1,110.4
Latincentro			
Central America[1]	135.8	132.6	128.1
Colombia[2]	232.2	197.9	197.8
Venezuela	225.2	206.7	209.0
Mercosur			
Brazil[3]	424.1	370.6	296.1
Argentina	184.1	186.0	179.4
Combined Volume	2,428.6	2,242.8	2,120.8

(1) Includes Guatemala, Nicaragua, Costa Rica and Panama.
(2) As of June 1, 2009, includes sales from the *Brisa* bottled water business.
(3) Excludes beer sales volume. As of June 1, 2008, includes sales from REMIL.

Product and Packaging Mix

Out of the more than 100 brands and line extensions of beverages that we sell and distribute, our most important brand, *Coca-Cola*, together with its line extensions, *Coca-Cola light*, *Coca-Cola Zero* and *Coca-Cola light caffeine free*, accounted for 61.4% of total sales volume in 2009. Our next largest brands, *Ciel* (a water brand from Mexico), *Fanta* (and its line extensions), *Sprite* (and its line extensions), *ValleFrut* and *Hit*, accounted for 10.5%, 5.8%, 2.6%, 1.5% and 1.3%, respectively, of total sales volume in 2009. We use the term line extensions to refer to the different flavors in which we offer our brands. We produce, market and distribute *Coca-Cola* trademark beverages in each of our territories in containers authorized by The Coca-Cola Company, which consist of a variety of returnable and non-returnable presentations in the form of glass bottles, cans and plastic bottles made of polyethylene terephtalate, which we refer to as PET.

We use the term presentation to refer to the packaging unit in which we sell our products. Presentation sizes for our *Coca-Cola* trademark beverages range from a 6.5-ounce personal size to a 3-liter multiple serving size. For all of our products excluding water, we consider a multiple serving size as equal to or larger than 1.0 liter. In general, personal sizes have a higher price per unit case as compared to multiple serving sizes. We offer both returnable and non-returnable presentations, which allow us to offer different combinations of convenience and price to implement revenue management strategies and to target specific distribution channels and population segments in our territories. In addition, we sell some *Coca-Cola* trademark beverage syrups in containers designed for soda fountain use, which we refer to as fountain. We also sell bottled water products in bulk sizes, which refer to presentations equal to or larger than 5 liters, which have a much lower average price per unit case than our other beverage products.

The characteristics of our territories are very diverse. Central Mexico and our territories in Argentina are densely populated and have a large number of competing sparkling beverages brands as compared to the rest of our territories. Brazil is densely populated but has lower per capita consumption of sparkling beverage products as compared to Mexico. Portions of southern Mexico, Central America and Colombia are large and mountainous areas with lower population density, lower per capita income and lower per capita consumption of sparkling beverages. In Venezuela, we face operational disruptions from time to time, including interruptions in energy supply. In 2009,

although our sparkling beverages volume increased, per capita consumption of our products has remained stable due to such short-term operating disruptions.

The following discussion analyzes our product and packaging mix by segment. The volume data presented is for the years 2009, 2008 and 2007.

Mexico. Our product portfolio consists of *Coca-Cola* trademark beverages, and since 2001 has included *Mundet* trademark beverages licensed from FEMSA. In 2007, as part of our efforts to strengthen the *Coca-Cola* brand we launched *Coca-Cola Zero,* a line extension of the *Coca-Cola* brand. Sparkling beverage per capita consumption of our products in our Mexican territories in 2009 was 436 eight-ounce servings.

The following table highlights historical sales volume and mix in Mexico for our products:

	Year Ended December 31,		
	2009	**2008**	**2007**
Product Sales Volume	**(millions of unit cases)**		
Total	1,227.2	1,149.0	1,110.4
% Growth	6.8%	3.5%	3.7%
Unit Case Volume Mix by Category	**(in percentages)**		
Sparkling beverages	73.4	75.4%	78.3%
Water[(1)]	21.5	21.6	20.7
Still beverages	5.1	3.0	1.0
Total	100.0%	100.0%	100.0%

(1) Includes bulk water volumes.

In 2009, our most popular sparkling beverage presentations were the 2.5-liter returnable plastic bottle, the 0.6-liter non-returnable plastic bottle (the 20-ounce bottle that is also popular in the United States) and the 2.5-liter non-returnable plastic bottle, which together accounted for 56.7% of total sparkling beverage sales volume in Mexico. Multiple serving presentations represented 66.9% of total sparkling beverages sales volume in Mexico in 2009, a 7.7% increase compared to 2008. Our strategy is to foster consumption in single serving presentations while maintaining multiple serving volumes. In 2009, our sparkling beverages decreased as a percentage of our total sales volume from 75% in 2008 to 73.4% in 2009, mainly due to the introduction of the Jugos del Valle line of products.

Total sales volume reached 1,227.2 million unit cases in 2009, an increase of 6.8% compared to 1,149.0 million unit cases in 2008. Sparkling beverages sales volume increased almost 4% as compared to 2008. The still beverage category accounted for approximately 37% of the total incremental volumes during the year. Still beverage growth was mainly driven by the introduction of the Jugos del Valle line of products, especially *ValleFrut*.

Latincentro (Colombia and Central America). Our product sales in Latincentro consist predominantly of *Coca-Cola* trademark beverages. Per capita consumption of our sparkling beverages products in Colombia and Central America was 92 and 146 eight-ounce servings, respectively, in 2009.

The following table highlights historical total sales volume and sales volume mix in Latincentro:

	Year Ended December 31,		
	2009	**2008**	**2007**
Product Sales Volume	**(millions of unit cases)**		
Total	368.0	330.5	325.9
% Growth	11.3%	1.4%	4.7%
Unit Case Volume Mix by Category	**(in percentages)**		
Sparkling beverages	79.3%	87.9%	88.5%
Water[(1)]	13.0	7.7	8.3
Still beverages	7.7	4.4	3.2
Total	100.0%	100.0%	100.0%

(1) Includes bulk water volume.

In 2009, multiple serving presentations, as a percentage of total sparkling beverage sales volume, represented 56.7% in Central America and 58.3% in Colombia. In 2008, as part of our efforts to strengthen the *Coca-Cola* brand, we launched *Coca-Cola Zero*, a line extension of the *Coca-Cola* brand, in Colombia. The acquisition of Brisa in 2009 helped us to become leader, based on sales volume, in the water market in Colombia.

Total sales volume was 368.0 million unit cases in 2009, increasing 11.3% compared to 330.5 million in 2008. Water sales, including bulk water, represented approximately 60% of total incremental volume, mainly driven by the integration of the Brisa bottled water business in Colombia. Still beverages represented the majority of the balance, mainly driven by the introduction of the Jugos del Valle line of products.

Venezuela. Our product portfolio in Venezuela consists of Coca-Cola trademark beverages. Sparkling beverages per capita consumption of our products in Venezuela during 2009 was 174 eight-ounce servings.

The following table highlights historical total sales volume and sales volume mix in Venezuela:

	Year Ended December 31,		
	2009	**2008**	**2007**
Product Sales Volume	**(millions of unit cases)**		
Total	225.2	206.7	209.0
% Growth	9.0%	(1.1%)	14.5%
Unit Case Volume Mix by Category	**(in percentages)**		
Sparkling beverages	91.7%	91.3%	90.4%
Water[(1)]	5.7	5.8	5.7
Still beverages	2.6	2.9	3.9
Total	100.0%	100.0%	100.0%

(1) Includes bulk water volume.

During 2009, we continued facing periodic operating difficulties that prevented us from producing and distributing to satisfy market demand for our products. We have implemented a product portfolio rationalization strategy to minimize the impact of these disruptions, which led to an increase in sales in 2009 as compared to 2008. Our sparkling beverage volume grew 9.4% mainly driven by flavored sparkling beverages.

In 2009, multiple serving presentations represented 77.2% of total sparkling beverages sales volume in Venezuela. Total sales volume was 225.2 million unit cases in 2009, a increase of 9.0% compared to 206.7 million in 2008.

Mercosur (Brazil and Argentina). Our product portfolio in Mercosur consists mainly of Coca-Cola trademark beverages and the Kaiser beer brand in Brazil, which we sell and distribute on behalf of FEMSA Cerveza. Sparkling beverages per capita consumption of our products in Brazil and Argentina was 214 and 359 eight-ounce servings, respectively, in 2009.The following table highlights historical total sales volume and sales volume mix in Mercosur, not including beer:

	Year Ended December 31,		
	2009	**2008**	**2007**
Product Sales Volume	**(millions of unit cases)**		
Total	608.2	556.6	475.5
% Growth	9.3%	17.1%	9.6%
Unit Case Volume Mix by Category	**(in percentages)**		
Sparkling beverages	92.0%	93.3%	93.5%
Water[(1)]	4.1	4.2	4.5
Still beverages	3.9	2.5	2.0
Total	100.0%	100.0%	100.0%

(1) Includes bulk water volume.

Beginning in June 2008, we integrated the bottling franchise of REMIL in the State of Minas Gerais into our existing Brazilian operations. REMIL contributed 44.2 million unit cases of beverages to our sales volume during the first five months of 2009. Sparkling beverages represented approximately 95% of this volume. In 2008, in our continued effort to develop the still beverage category in Argentina, we launched *Aquarius*, a flavored water.

Total sales volume was 608.2 million unit cases in 2009, an increase of 9.3% compared to 556.6 million in 2008. Excluding REMIL, total sales volume increased 1.3%. Growth in still beverages driven by sales of Aquarius in Argentina accounted for most of the growth during the year. In 2009, returnable packaging, as a percentage of total sparkling beverage sales volume, accounted for 28.5% in Argentina and 12.4% in Brazil. In 2009, multiple serving presentations represented 70.8% and 85.5% of total sparkling beverages sales volume in Brazil and Argentina, respectively.

We sell and distribute the *Kaiser* brands of beer in our territories in Brazil. In January 2006, FEMSA Cerveza acquired a controlling stake in Cervejarias Kaiser. Since that time, we have distributed the *Kaiser* beer portfolio in our Brazilian territories, consistent with the arrangements between us and Cervejarias Kaiser in place prior to 2004. Beginning with the second quarter of 2005, we ceased including beer that we distribute in Brazil in our reported sales volumes. On April 30, 2010, the transaction pursuant to which FEMSA agreed to exchange 100% of its beer operations for a 20% economic interest in the Heineken Group closed. We have agreed with Cervejarias Kaiser to continue to distribute and sell the *Kaiser* beer portfolio in our Brazilian territories through the 20-year term, consistent with the arrangement in place since 2006.

Recent Acquisition

In February 2009, we acquired with The Coca-Cola Company the *Brisa* bottled water business in Colombia from Bavaria, a subsidiary of SABMiller. We acquired the production assets and the rights to distribute in the territory, and The Coca-Cola Company acquired the *Brisa* brand. We and The Coca-Cola Company equally shared in paying the purchase price of US$ 92 million. Following a transition period, in June 2009, we started to sell and distribute the *Brisa* portfolio of products in Colombia.

Seasonality

Sales of our products are seasonal, as our sales levels generally increase during the summer months of each country and during the Christmas holiday season. In Mexico, Central America, Colombia and Venezuela, we typically achieve our highest sales during the summer months of April through September as well as during the

Christmas holidays in December. In Brazil and Argentina, our highest sales levels occur during the summer months of October through March and the Christmas holidays in December.

Marketing

Our company, in conjunction with The Coca-Cola Company, has developed a marketing strategy to promote the sale and consumption of our products. We rely extensively on advertising, sales promotions and retailer support programs to target the particular preferences of our consumers. Our consolidated marketing expenses in 2009, net of contributions by The Coca-Cola Company, were Ps. 3, 278 million. The Coca-Cola Company contributed an additional Ps. 1, 945 million in 2009, which includes contributions for coolers, bottles and cases. Through the use of advanced information technology, we have collected customer and consumer information that allow us to tailor our marketing strategies to target different types of customers located in each of our territories and to meet the specific needs of the various markets we serve.

Retailer Support Programs. Support programs include providing retailers with point-of-sale display materials and consumer sales promotions, such as contests, sweepstakes and the giveaway of product samples.

Coolers. Cooler distribution among retailers is important for the visibility and consumption of our products and to ensure that they are sold at the proper temperature.

Advertising. We advertise in all major communications media. We focus our advertising efforts on increasing brand recognition by consumers and improving our customer relations. National advertising campaigns are designed and proposed by The Coca-Cola Company's local affiliates, with our input at the local or regional level.

Channel Marketing. In order to provide more dynamic and specialized marketing of our products, our strategy is to classify our markets and develop targeted efforts for each consumer segment or distribution channel. Our principal channels are small retailers, "on-premise" consumption such as restaurants and bars, supermarkets and third party distributors. Presence in these channels entails a comprehensive and detailed analysis of the purchasing patterns and preferences of various groups of beverage consumers in each of the different types of locations or distribution channels. In response to this analysis, we tailor our product, price, packaging and distribution strategies to meet the particular needs of and exploit the potential of each channel.

We believe that the implementation of our channel marketing strategy also enables us to respond to competitive initiatives with channel-specific responses as opposed to market-wide responses. Our channel marketing activities are facilitated by our management information systems. We have invested significantly in creating these systems, including in hand-held computers to support the gathering of product, consumer and delivery information for most of our sales routes throughout our territories.

Multi-segmentation. We have been implementing a multi-segmentation strategy in the majority of our markets. This strategy consists of the implementation of different product/price/package portfolios by market cluster or group. These clusters are defined based on consumption occasion, competitive intensity and socio-economic levels, rather than solely on the types of distribution channels.

Product Distribution

The following table provides an overview of our product distribution centers and the retailers to which we sell our products:

Product Distribution Summary
as of December 31, 2009

	Mexico	Latincentro[2]	Venezuela	Mercosur[3]
Distribution centers.....	84	60	33	33
Retailers (in thousands)[1]	620,255	475,119	211,749	269,888

(1) Estimated.
(2) Includes Guatemala, Nicaragua, Costa Rica, Panama and Colombia.
(3) Includes Brazil and Argentina.

We continuously evaluate our distribution model in order to fit with the local dynamics of the marketplace. We are currently analyzing the way we go to market, recognizing different service needs from our customers, while looking for a more efficient distribution model. As part of this strategy, we are rolling out a variety of new distribution models throughout our territories looking for improvements in our distribution network.

We use two main sales methods depending on market and geographic conditions: (1) the traditional or conventional truck route system, in which the person in charge of the delivery makes immediate sales from inventory available on the truck and (2) the pre-sale system, which separates the sales and delivery functions and allows sales personnel to sell products prior to delivery and trucks to be loaded with the mix of products that retailers have previously ordered, thereby increasing distribution efficiency. We also use a hybrid distribution system in some of our territories, where the same truck holds product available for immediate sale and product previously ordered through the pre-sale system. As part of the pre-sale system, sales personnel also provide merchandising services during retailer visits, which we believe enhance the presentation of our products at the point of sale. We believe that service visits to retailers and frequency of deliveries are essential elements in an effective selling and distribution system for our products. In certain areas, we also make sales through third party wholesalers of our products. The vast majority of our sales are on a cash basis.

Our distribution centers range from large warehousing facilities and re-loading centers to small deposit centers. In addition to our fleet of trucks, we distribute our products in certain locations through electric carts and hand-trucks in order to comply with local environmental and traffic regulations. In some of our territories, we retain third parties to transport our finished products from the bottling plants to the distribution centers.

Mexico. We contract with a subsidiary of FEMSA for the transportation of finished products to our distribution centers from our Mexican production facilities. See "Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions." From the distribution centers, we then distribute our finished products to retailers through our own fleet of trucks.

In Mexico, we sell a majority of our beverages at small retail stores to customers who take the beverages home or elsewhere for consumption. We also sell products through the "on-premise" consumption segment, supermarkets and other locations. The "on-premise" consumption segment consists of sales through sidewalk stands, restaurants, bars and various types of dispensing machines as well as sales through point-of-sale programs in concert halls, auditoriums and theaters.

Brazil. In Brazil we sold approximately 23% of our total sales volume through supermarkets in 2009. Also in Brazil, the delivery of our finished products to customers is completed by a third party, while we maintain control over the selling function. In designated zones in Brazil, third-party distributors purchase our products at a discount from the wholesale price and resell the products to retailers.

Territories other than Mexico and Brazil. We distribute our finished products to retailers through a combination of our own fleet of trucks and third party distributors. In most of our territories, an important part of our total sales volume is sold through small retailers, with low supermarket penetration.

Competition

Although we believe that our products enjoy wider recognition and greater consumer loyalty than those of our principal competitors, the markets in the territories in which we operate are highly competitive. Our principal competitors are local bottlers of Pepsi and other bottlers and distributors of national and regional sparkling beverage brands. We face increased competition in many of our territories from producers of low price beverages, commonly referred to as "B brands." A number of our competitors in Central America, Venezuela, Brazil and Argentina offer beer in addition to sparkling beverages, still beverages, and water, which may enable them to achieve distribution efficiencies.

Recently, price discounting and packaging have joined consumer sales promotions, customer service and non-price retailer incentives as the primary means of competition among bottlers. We compete by seeking to offer products at an attractive price in the different segments in our markets and by building on the value of our brands. We believe that the introduction of new products and new presentations has been a significant competitive technique that allows us to increase demand for our products, provide different options to consumers and increase new consumption opportunities. See "—Sales Overview."

Mexico. Our principal competitors in Mexico are bottlers of *Pepsi* products, whose territories overlap but are not co-extensive with our own. In central Mexico we compete with a subsidiary of PepsiCo, Pepsi Beverage Company, the largest bottler of Pepsi products globally, and Grupo Embotelladores Unidos, S.A.B. de C.V., the *Pepsi* bottler in central and southeast Mexico. Our main competition in the juice category in Mexico is Grupo Jumex, the largest juice producer in the country. In the water category, *Bonafont*, a water brand owned by Groupe Danone, is our main competition. In addition, we compete with Cadbury Schweppes in sparkling beverages and with other national and regional brands in our Mexican territories, as well as low-price producers, such as Big Cola and Consorcio AGA, S.A. de C.V., that principally offer multiple serving size presentations of sparkling and still beverages.

Latincentro (Colombia and Central America). Our principal competitor in Colombia is Postobón, a well-established local bottler that sells flavored sparkling beverages, some of which have a wide consumption preference, such as *manzana Postobón* (apple Postobón), which is the second most popular flavor in the Colombian sparkling beverage industry in terms of total sales volume. Postobón also sells *Pepsi* products. Postobón is a vertically integrated producer, the owners of which hold other significant commercial interests in Colombia. We also compete with low-price producers, such as the producers of *Big Cola*, that principally offer multiple serving size presentations in the sparkling and still beverage industry.

In the countries that comprise our Central America region, our main competitors are Pepsi and *Big Cola* bottlers. In Guatemala and Nicaragua, we compete with a joint venture between AmBev and The Central American Bottler Corporation. In Costa Rica, our principal competitor is Florida Bebidas S.A., subsidiary of Florida Ice and Farm Co. S.A. In Panama, our main competitor is Cervecería Nacional, S.A. We also face competition from low-price producers offering multiple serving size presentations in some Central American countries.

Venezuela. In Venezuela, our main competitor is Pepsi-Cola Venezuela, C.A., a joint venture formed between PepsiCo and Empresas Polar, S.A., the leading beer distributor in the country. We also compete with the producers of *Big Cola* in part of the country.

Mercosur (Brazil and Argentina). In Brazil, we compete against AmBev, a Brazilian company with a portfolio of brands that includes *Pepsi*, local brands with flavors such as guaraná, and proprietary beers. We also compete against "B brands" or "Tubainas," which are small, local producers of low-cost flavored sparkling beverages in multiple serving presentations that represent a significant portion of the sparkling beverage market.

In Argentina, our main competitor is Buenos Aires Embotellador S.A. (BAESA), a *Pepsi* bottler, which is owned by Argentina's principal brewery, Quilmes Industrial S.A., and indirectly controlled by AmBev. In addition, we compete with a number of competitors offering generic, low-priced sparkling beverages as well as many other generic products and private label proprietary supermarket brands.

Raw Materials

Pursuant to the bottler agreements with The Coca-Cola Company, we are required to purchase concentrate and artificial sweeteners in some of our territories, for all *Coca-Cola* trademark beverages from companies designated by The Coca-Cola Company. The price of concentrate for all *Coca-Cola* trademark beverages is a percentage of the average price we charge to our retailers in local currency net of applicable taxes. Although The Coca-Cola Company has the right to unilaterally set the price of concentrates, in practice this percentage has historically been set pursuant to periodic negotiations with The Coca-Cola Company.

In 2005, The Coca-Cola Company decided to gradually increase concentrate prices for sparkling beverages over a three-year period in Brazil beginning in 2006 and in Mexico beginning in 2007. These increases were fully implemented in Brazil in 2008 and in Mexico in 2009. As part of the cooperation framework that we arrived at with The Coca-Cola Company at the end of 2006, The Coca-Cola Company will provide a relevant portion of the funds derived from the concentrate increase for marketing support of our sparkling and still beverages portfolio. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—Cooperation Framework with The Coca-Cola Company."

In addition to concentrate, we purchase sweeteners, carbon dioxide and other raw materials, resin and ingots to make plastic bottles, finished plastic and glass bottles, cans, closures and fountain containers, as well as other packaging materials. Sweeteners are combined with water to produce basic syrup, which is added to the concentrate as the sweetener for the sparkling beverage. Our bottler agreements provide that, with respect to *Coca-Cola* trademark beverages, these materials may be purchased only from suppliers approved by The Coca-Cola Company, including affiliates of FEMSA. Prices for packaging materials and high fructose corn syrup historically have been determined with reference to the U.S. dollar, although the local currency equivalent in a particular country is subject to price volatility in accordance with changes in exchange rates. Our most significant packaging raw material costs arise from the purchase of resin, plastic ingots to make plastic bottles and finished plastic bottles, which we obtain from international and local producers. The prices of these materials are tied to crude oil prices and global resin supply. In recent years we have experienced volatility in the prices we pay for these materials. Across our territories, our average price for resin in U.S. dollars decreased significantly during 2009.

Under our agreements with The Coca-Cola Company, we may use raw or refined sugar or high fructose corn syrup as sweeteners in our products. Sugar prices in all of the countries in which we operate, other than Brazil, are subject to local regulations and other barriers to market entry that cause us to pay in excess of international market prices for sugar in certain countries. We have experienced sugar price volatility in our territories as a result of changes in local conditions and regulations and, in 2009, mainly due to a production shortfall in India, one of the largest global producers of sugar.

None of the materials or supplies that we use is presently in short supply, although the supply of specific materials could be adversely affected by strikes, weather conditions, governmental controls or national emergency situations.

Mexico. We purchase our returnable plastic bottles from Continental PET Technologies de México, S.A. de C.V, a subsidiary of Continental Can, Inc., which is the exclusive supplier of returnable plastic bottles to The Coca-Cola Company and its bottlers in Mexico. We also mainly purchase resin from Arteva Specialties, S. de R.L. de C.V. and Industrias Voridian, S.A. de C.V., which ALPLA Fábrica de Plásticos, S.A. de C.V., known as ALPLA, manufactures into non-returnable plastic bottles for us.

We purchase all of our cans from Promotora Mexicana de Embotelladoras, S.A. de C.V., known as PROMESA, a cooperative of *Coca-Cola* bottlers, in which we hold a 5.0% equity interest. We mainly purchase our glass bottles from Silices de Veracruz, S.A. de C.V., known as SIVESA, a wholly-owned subsidiary of FEMSA

Cerveza. We purchase sugar from, among other suppliers, Beta San Miguel, S.A. de C.V., a sugar cane producer in which we hold a 2.5% equity interest**.**

Imported sugar is subject to import duties, the amount of which is set by the Mexican government. As a result, sugar prices in Mexico are in excess of international market prices for sugar. In 2009, sugar prices increased compared to 2008.

Latincentro (Colombia and Central America). In Colombia, we use sugar as a sweetener in most of our products, which we buy from several domestic sources. We purchase pre-formed ingots from Amcor and Tapón Corona de Colombia S.A. We purchase all our glass bottles and cans from a supplier in which our competitor Postobón owns a 40% equity interest. Glass bottles and cans are available only from this one local source.

In Central America, the majority of our raw materials such as glass and plastic bottles and cans are purchased from several local suppliers. Sugar is available from one supplier in each country. Local sugar prices, in certain countries that comprised the region, are increasing due to higher international prices and the limited availability of sugar or high fructose corn syrup. In Costa Rica, we acquire plastic non-returnable bottles from ALPLA C.R. S.A., and in Nicaragua we acquire such plastic bottles from ALPLA Nicaragua, S.A.

Venezuela. We use sugar as a sweetener in most of our products, which we purchase mainly from the local market. Since 2003, we have experienced a sugar shortage due to lower domestic production and the inability of the predominant sugar importers to obtain permission to import in a timely manner. Sugar supply was severely affected in 2009 due to (1) shortages in sugar cane production, (2) the implementation of new regulations imposing a quota on the maximum amount of available sugar distributed to the food and beverages industry and (3) a production decrease by certain sugar mills. We cannot assure you that we will be able to meet our sugar requirements in the long term if sugar supply conditions do not improve. We buy glass bottles from one local supplier, Productos de Vidrio, S.A., but there are alternative suppliers authorized by The Coca-Cola Company. We acquire most of our plastic non-returnable bottles from ALPLA de Venezuela, S.A. and all of our aluminum cans from a local producer, Dominguez Continental, C.A.

Under current regulations promulgated by the Venezuelan authorities, our ability to import some of our raw materials and other supplies used in our production could be limited, and access to the official exchange rate for these items for us and our suppliers, including, among others, resin, aluminum, plastic caps, distribution trucks and vehicles is only achieved by obtaining proper approvals from the relevant authorities.

Mercosur (Brazil and Argentina). Sugar is widely available in Brazil at local market prices, which historically have been similar to international prices. Sugar prices in Brazil in recent periods have been volatile, mainly due to the increased demand for sugar cane for production of alternative fuels, and our average acquisition cost for sugar in 2009 increased. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Commodity Price Risk." We purchase glass bottles, plastic bottles and cans from several domestic and international suppliers.

In Argentina, we mainly use high fructose corn syrup that we purchase from several different local suppliers as a sweetener in our products instead of sugar. We purchase glass bottles, plastic cases and other raw materials from several domestic sources. We purchase pre-formed plastic ingots, as well as returnable plastic bottles, at competitive prices from Embotelladora del Atlántico S.A., a local subsidiary of Embotelladora Andina S.A., a Coca-Cola bottler with operations in Argentina, Chile and Brazil, and other local suppliers. We also acquire plastic non-returnable bottles from ALPLA Avellaneda S.A. We produce our own can presentations and juice-based products for distribution to customers in Buenos Aires.

REGULATION

We are subject to regulation in each of the territories in which we operate. The adoption of new laws or regulations in the countries in which we operate may increase our operating costs, our liabilities or impose restrictions on our operations which, in turn, may adversely affect our financial condition, business and results of

operations. Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on our future results of operations or financial condition.

Price Controls

Voluntary price restraints or statutory price controls have been imposed historically in several of the countries in which we operate. At present, there are no price controls on our products in any of the territories in which we have operations, except for Argentina, where authorities directly supervise certain products sold through supermarkets to control inflation.

Taxation of Sparkling Beverages

All the countries in which we operate, except for Panama, impose a value-added tax on the sale of sparkling beverages, with a rate of 16% in Mexico beginning in January 2010 (15% through the end of 2009), 12% in Guatemala, 15% in Nicaragua, 13% in Costa Rica, 16% in Colombia (applied only to the first sale in supply chain), 12% in Venezuela (beginning in April 2009), 17% (Mato Grosso do Sul) and 18% (São Paulo and Minas Gerais) in Brazil, and 21% in Argentina. In addition, several of the countries in which we operate impose the following excise or other taxes:

- Guatemala imposes an excise tax of 0.18 cents in local currency (Ps. 0.28 as of December 31, 2009) per liter of sparkling beverage.

- Costa Rica imposes a specific tax on non-alcoholic bottled beverages based on the combination of packaging and flavor, a 5% excise tax on local brands, a 10% tax on foreign brands and a 14% tax on mixers, and another specific tax on non-alcoholic beverages of 14.39 colones (Ps. 0.33 as of December 31, 2009) for every 250 ml.

- Nicaragua imposes a 9% tax on consumption, and municipalities impose a 1% tax on our Nicaraguan gross income.

- Panama imposes a 5% tax based on the cost of goods produced.

- Brazil imposes an average production tax of 4.9% and an average sales tax of 7.8%, both assessed by the federal government. Most of these taxes are fixed, based on average retail prices in each state where the company operates (VAT) or fixed by the federal government (excise and sales tax).

- Argentina imposes an excise tax on sparkling beverages containing less than 5% lemon juice or less than 10% fruit juice of 8.7%, and an excise tax on flavored sparkling beverage with 10% or more fruit juice and on sparkling water of 4.2%, although this excise tax is not applicable to certain of our products.

Water Supply Law

In Mexico, we obtain water directly from municipal water companies and pump water from our own wells pursuant to concessions obtained from the Mexican government on a plant-by-plant basis. Water use in Mexico is regulated primarily by the *Ley de Aguas Nacionales de 1992* (the 1992 Water Law), and regulations issued thereunder, which created the *Comisión Nacional del Agua* (the National Water Commission). The National Water Commission is charged with overseeing the national system of water use. Under the 1992 Water Law, concessions for the use of a specific volume of ground or surface water generally run for five-, ten- or fifteen-year terms, depending on the supply of groundwater in each region as projected by the National Water Commission. Concessionaires may request concession terms to be extended upon termination. The Mexican government is authorized to reduce the volume of ground or surface water granted for use by a concession by whatever volume of water is not used by the concessionaire for two consecutive years. However, because the current concessions for each of our plants in Mexico do not match each plant's projected needs for water in future years, we successfully negotiated with the Mexican government the right to transfer the unused volume under concessions from certain

plants to other plants anticipating greater water usage in the future. Our concessions may be terminated if, among other things, we use more water than permitted or we fail to pay required concession-related fees and do not cure such situations on a timely manner. Although we have not undertaken independent studies to confirm the sufficiency of the existing or future groundwater supply, we believe that our existing concessions satisfy our current water requirements in Mexico.

In Argentina, a state water company provides water to our Alcorta plant on a limited basis; however, we believe the authorized amount meets our requirements for this plant. In our Monte Grande plant in Argentina, we pump water from our own wells without the need for any specific permit or license.

In Brazil, we buy water directly from municipal utility companies, and we also pump water from our own wells or rivers (Mogi das Cruzes plant) pursuant to concessions granted by the Brazilian government for each plant. According to the Brazilian Constitution, water is considered an asset of common use and can only be exploited for the national interest, by Brazilians or companies formed under Brazilian law. Dealers and users have the responsibility for any damage to the environment. The exploitation and use of water is regulated by the *Código de Mineração* (Code of Mining, Decree Law No. 227/67), the *Código de Águas Minerais* (Mineral Water Code, Decree Law No. 7841/45), the National Water Resources Policy (Law No. 9433 / 97) and by regulations issued thereunder. The companies that exploit water are supervised by the *Departamento Nacional de Produção Mineira – DNPM* (National Department of Mineral Production) and the National Water Agency in connection with federal health agencies, as well as state and municipal authorities. In the Jundiaí and Belo Horizonte plants, we do not exploit mineral water. In the Mogi das Cruzes and Campo Grande plants, we have all the necessary permits related to the exploitation of mineral water.

In Colombia, in addition to natural spring water, we obtain water directly from our own wells and from local public companies. We are required to have a specific concession to exploit water from natural sources. Water use is regulated by law no. 9 of 1979 and decrees no. 1594 of 1984 and no. 2811 of 1974. The National Institute of National Resources supervises companies that exploit water. In Nicaragua and Costa Rica, we own and exploit our own water wells granted to us through governmental concessions. In Guatemala, no license or permits are required to exploit water from the private wells in our own plants. In Panama, we acquire water from a state water company. In Venezuela, we use private wells in addition to water provided by the municipalities, and we have taken the appropriate actions, including actions to comply with water regulations, to have water supply available from these sources.

We cannot assure you that water will be available in sufficient quantities to meet our future production needs, that we will be able to maintain our current concessions or that additional regulations relating to water use will not be adopted in the future in our territories. We believe we are in material compliance with the terms of our existing water concessions and that we are in compliance with all relevant water regulations.

Environmental Matters

In all of the countries where we operate, our businesses are subject to federal and state laws and regulations relating to the protection of the environment. In Mexico, the principal legislation is the *Ley General de Equilibrio Ecológico y Protección al Ambiente* (the Federal General Law for Ecological Equilibrium and Environmental Protection) or the Mexican Environmental Law and the *Ley General para la Prevención y Gestión Integral de los Residuos* (the General Law for the Prevention and Integral Management of Waste) which are enforced by the *Secretaría del Medio Ambiente y Recursos Naturales* (the Ministry of the Environment and Natural Resources, or SEMARNAT). SEMARNAT can bring administrative and criminal proceedings against companies that violate environmental laws, and it also has the power to close non-complying facilities. Under the Mexican Environmental Law, rules have been promulgated concerning water, air and noise pollution and hazardous substances. In particular, Mexican environmental laws and regulations require that we file periodic reports with respect to air and water emissions and hazardous wastes and set forth standards for waste water discharge that apply to our operations. We are also subject to certain minimal restrictions on the operation of delivery trucks in Mexico City. We have implemented several programs designed to facilitate compliance with air, waste, noise and energy standards established by current Mexican federal and state environmental laws, including a program that installs catalytic converters and liquid petroleum gas in delivery trucks for our operations in Mexico City. See "—The Company—Product Distribution."

In addition, we are subject to the Ley de Aguas Nacionales (the Natural Waters Law), enforced by the Comisión Nacional del Agua (the Mexican National Water Commission), or CONAGUA. Adopted in December 1992, the law provides that plants located in Mexico that use deep water wells to supply their water requirements must pay a fee to the city for the discharge of residual waste water to drainage. Pursuant to this law, certain local authorities test the quality of the waste water discharge and charge plants an additional fee for measurements that exceed certain standards published by CONAGUA. All of our bottler plants located in Mexico City, as well as the Toluca plant, met these standards as of 2001. See "—Description of Property, Plant and Equipment."

In our Mexican operations, we established a partnership with The Coca-Cola Company and ALPLA, a supplier of plastic bottles to us in Mexico, to create *Industria Mexicana de Reciclaje* (IMER), a PET recycling facility located in Toluca, Mexico. This facility started operations in 2005 and has a recycling capacity of 25,000 metric tons per year from which 15,000 metric tons can be re-used in PET bottles for food packaging purposes. We have also continued contributing funds to a nationwide recycling company, ECOCE, or *Ecología y Compromiso Empresarial* (Environmentally Committed Companies). In addition, our plants located in Toluca, Reyes, Cuautitlan, Apizaco, San Cristobal, Morelia, Ixtacomitan and Coatepec have received a *Certificado de Industria Limpia* (Certificate of Clean Industry).

As part of our environmental protection and sustainability strategies, in December 2009, some of our affiliates, jointly with other third parties, entered into a generation and wind energy supply agreement with a subsidiary of GAMESA Energía, S.A. to supply energy to a plant in Toluca, Mexico, owned by our subsidiary, Propimex, S.A. de C.V. The plant, which is located in La Ventosa, Oaxaca, is expected to generate approximately 100 thousand megawatt hours annually. The energy supply services began in April 2010.

Our Central American operations are subject to several federal and state laws and regulations relating to the protection of the environment, which have been enacted in the last ten years, as awareness has increased in this region about the protection of the environment and the disposal of dangerous and toxic materials, as well as water usage. In some countries in Central America, we are in the process of bringing our operations into compliance with new environmental laws on the timeline established by the relevant regulatory authorities. Our Costa Rica and Panama operations have participated in a joint effort along with the local division of The Coca-Cola Company, *Misión Planeta* (Mission Planet), for the collection and recycling of non-returnable plastic bottles.

Our Colombian operations are subject to several Colombian federal, state and municipal laws and regulations related to the protection of the environment and the disposal of treated water and toxic and dangerous materials. These laws include the control of atmospheric emissions, noise emissions, disposal of treated water and strict limitations on the use of chlorofluorocarbons. We are also engaged in nationwide campaigns for the collection and recycling of glass and plastic bottles as well as reforestation programs. For our plants in Colombia, we have obtained the "*Certificación Ambiental Fase IV*" (Phase IV Environmental Certificate).

Our Venezuelan operations are subject to several Venezuelan federal, state and municipal laws and regulations related to the protection of the environment. The most relevant of these laws are the *Ley Orgánica del Ambiente* (the Organic Environmental Law), the *Ley Sobre Sustancias, Materiales y Desechos Peligrosos* (the Substance, Material and Dangerous Waste Law), the *Ley Penal del Ambiente* (the Criminal Environment Law) and the *Ley de Aguas* (the Water Law). Since the enactment of the Organic Environmental Law in 1995, our Venezuelan subsidiary has presented the proper authorities with plans to bring our production facilities and distribution centers into compliance with the law, which mainly consist of building or expanding the capacity of water treatment plants in our bottling facilities. Even though we have had to adjust some of the originally proposed timelines due to construction delays, in 2009, we completed the construction and received all the required permits to operate a new water treatment plant in our bottling facility located in the city of Barcelona. At the end of 2009, we also agreed with the relevant authorities to construct a water treatment plant in our Valencia plant within the next 18 months. We expect to complete the water treatment plant projects in the rest of our bottling facilities during the first half of 2011. We are also in process of obtaining the ISO 14000 certification for all of our plants in Venezuela.

Our Brazilian operations are subject to several federal, state and municipal laws and regulations related to the protection of the environment. Among the most relevant laws and regulations are those dealing with the emission of toxic and dangerous gases and disposal of wastewater, which impose penalties, such as fines, facility closures or criminal charges depending upon the level of non-compliance.

Our production plant located in Jundiaí has been recognized by the Brazilian authorities for its compliance with environmental regulations and for having standards well above those imposed by the law. The plant has been certified for (i) ISO 9001 since March 1995; (ii) ISO 14001 since March 1997; (iii) norm OHSAS 18001 since 2005; and (iv) ISO 22000 since 2007. In Brazil it is also necessary to obtain concessions from the government to cast drainage. Our plants in Brazil have been granted this concession, except Mogi das Cruzes, where we have timely begun the process of obtaining one. We are in the process of expanding the capacity of our water treatment plant in our Jundiaí facility, which is expected to be completed in 2010.

In Brazil, a municipal regulation of the City of São Paulo, implemented pursuant to Law 13.316/2002, came into effect in May 2008. This regulation requires us to collect for recycling a specified annual percentage of plastic bottles made from PET sold in the municipality; such percentage increases each year. As of May 2009, we were required to collect for recycling 50% of the PET bottles sold in the City of São Paulo and by May 2010, we will be required to collect 75% of PET bottles for recycling and 90% in May 2011. Currently, we are not able to collect the entire required volume of PET bottles we sold in the City of São Paulo for recycling. If we do not meet the requirements of this regulation, which are more onerous than those imposed by the countries with the highest recycling standards, we could be fined and be subject to other sanctions, such as the suspension of operations in any of our plants and/or distribution centers located in the City of São Paulo. In May 2008, we and other bottlers in the City of São Paulo, through the *Associação Brasileira das Indústrias de Refrigerantes e de Bebidas Não-alcoólicas* (Brazilian Soft Drink and Non-Alcoholic Beverage Association, or ABIR), filed a motion requesting a court to overturn this regulation due to the impossibility of compliance. Through ABIR, we are also negotiating the reduction of recycling percentages and more reasonable timelines for compliance. In addition, in November 2009 in response to a municipal authority request for us to demonstrate the destination of the PET bottles sold in São Paulo, we filed a motion presenting all of our recycling programs and requesting a more practical timeline to comply with the requirements of the law. We are currently awaiting resolution of both of these matters.

Our Argentine operations are subject to federal and provincial laws and regulations relating to the protection of the environment. The most significant of these are regulations concerning waste water discharge, which are enforced by the *Secretaría de Ambiente y Desarrollo Sustentable* (the Ministry of Natural Resources and Sustainable Development) and the *Organismo Provincial para el Desarrollo Sostenible* (the Provincial Organization for Sustainable Development) for the province of Buenos Aires. Our Alcorta plant is in compliance with environmental standards and we have been certified for ISO 14001:2004 for the plants and operative units in Buenos Aires.

For all of our plant operations, we employ an environmental management system: *Sistema de Administración Ambiental* (Environmental Administration System, or EKOSYSTEM) that is contained within the *Sistema Integral de Calidad* (Integral Quality System or SICKOF).

We do not believe that our business activities pose a material risk to the environment, and we believe that we are in material compliance with all applicable environmental laws and regulations.

We have expended, and may be required to expend in the future, funds for compliance with and remediation under local environmental laws and regulations. Currently, we do not believe that such costs will have a material adverse effect on our results of operations or financial condition. However, since environmental laws and regulations and their enforcement are becoming increasingly stringent in our territories, and there is increased awareness by local authorities of higher environmental standards in the countries where we operate, changes in current regulations may result in an increase in costs, which may have an adverse effect on our future results of operations or financial condition. Management is not aware of any significant pending regulatory changes that would require a significant amount of additional remedial capital expenditures.

Other regulations

In December 2009, the Venezuelan government issued a decree requiring a reduction in energy consumption by at least 20% for industrial companies whose consumption is greater than two megawatts per hour and to submit an energy-usage reduction plan. Some of our bottling operations in Venezuela outside of Caracas met this threshold and we submitted a plan, which included the purchase of generators for our plants. In January 2010, the Venezuelan government subsequently implemented power cuts and other measures for all industries in Caracas

whose consumption was above 35 kilowatts per hour. All of our bottling and distribution centers as well as administrative offices in Caracas met this threshold.

In January 2010, the Venezuelan government amended the *Ley para la Defensa y Acceso a las Personas a los Bienes y Servicios* (Access to Goods and Services Defense Law). Any violation by a company that produces, distributes and sells goods and services could lead to fines, penalties or the confiscation of the assets used to produce, distribute and sell these goods without compensation. Although we believe we are in compliance with this law, consumer protection laws in Venezuela are subject to continuing review and changes, and any such changes could lead to an adverse impact on us.

BOTTLER AGREEMENTS

Coca-Cola Bottler Agreements

Bottler agreements are the standard agreements for each territory that The Coca-Cola Company enters into with bottlers outside the United States. Pursuant to our bottler agreements, we are authorized to manufacture, sell and distribute *Coca-Cola* trademark beverages within specific geographic areas, and we are required to purchase concentrate and artificial sweeteners in some of our territories for all *Coca-Cola* trademark beverages from companies designated by the Coca-Cola Company.

These bottler agreements also provide that we will purchase our entire requirement of concentrate for *Coca-Cola* trademark beverages from The Coca-Cola Company and other authorized suppliers at prices, terms of payment and on other terms and conditions of supply as determined from time to time by The Coca-Cola Company at its sole discretion. Concentrate prices are determined as a percentage of the weighted average retail price in local currency, net of applicable taxes. Although the price multipliers used to calculate the cost of concentrate and the currency of payment, among other terms, are set by The Coca-Cola Company at its sole discretion, we set the price of products sold to customers at our discretion, subject to the applicability of price restraints. We have the exclusive right to distribute *Coca-Cola* trademark beverages for sale in our territories in authorized containers of the nature prescribed by the bottler agreements and currently used by our company. These containers include various configurations of cans and returnable and non-returnable bottles made of glass and plastic and fountain containers.

The bottler agreements include an acknowledgment by us that The Coca-Cola Company is the sole owner of the trademarks that identify the *Coca-Cola* trademark beverages and of the secret formulas with which The Coca-Cola Company's concentrates are made. Subject to our exclusive right to distribute *Coca-Cola* trademark beverages in our territories, The Coca-Cola Company reserves the right to import and export *Coca-Cola* trademark beverages to and from each of our territories. Our bottler agreements do not contain restrictions on The Coca-Cola Company's ability to set the price of concentrates charged to our subsidiaries and do not impose minimum marketing obligations on The Coca-Cola Company. The prices at which we purchase concentrates under the bottler agreements may vary materially from the prices we have historically paid. However, under our bylaws and the shareholders agreement among certain subsidiaries of The Coca-Cola Company and certain subsidiaries of FEMSA, an adverse action by The Coca-Cola Company under any of the bottler agreements may result in a suspension of certain voting rights of the directors appointed by The Coca-Cola Company. This provides us with limited protection against The Coca-Cola Company's ability to raise concentrate prices to the extent that such increase is deemed detrimental to us pursuant to the shareholder agreement and the bylaws. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—The Shareholders Agreement."

The Coca-Cola Company has the ability, at its sole discretion, to reformulate any of the *Coca-Cola* trademark beverages and to discontinue any of the *Coca-Cola* trademark beverages, subject to certain limitations, so long as all *Coca-Cola* trademark beverages are not discontinued. The Coca-Cola Company may also introduce new beverages in our territories in which case we have a right of first refusal with respect to the manufacturing, packaging, distribution and sale of such new beverages subject to the same obligations as then exist with respect to the *Coca-Cola* trademark beverages under the bottler agreements. The bottler agreements prohibit us from producing, bottling or handling beverages other than *Coca-Cola* trademark beverages, or other products or packages that would imitate, infringe upon, or cause confusion with the products, trade dress, containers or trademarks of The Coca-Cola Company, except under the authority of, or with the consent of, the Coca-Cola Company. The bottler agreements also prohibit us from acquiring or holding an interest in a party that engages in such restricted activities. The bottler agreements impose restrictions concerning the use of certain trademarks, authorized containers, packaging and labeling of The Coca-Cola Company so as to conform to policies prescribed by The Coca-Cola Company. In particular, we are obligated to:

- maintain plant and equipment, staff and distribution facilities capable of manufacturing, packaging and distributing the *Coca-Cola* trademark beverages in authorized containers in accordance with our bottler agreements and in sufficient quantities to satisfy fully the demand in our territories;

- undertake adequate quality control measures prescribed by The Coca-Cola Company;

- develop, stimulate and satisfy fully the demand for *Coca-Cola* trademark beverages using all approved means, which includes the investment in advertising and marketing plans;

- maintain a sound financial capacity as may be reasonably necessary to assure performance by us and our affiliates of our obligations to The Coca-Cola Company; and

- submit annually to The Coca-Cola Company our marketing, management, promotional and advertising plans for the ensuing year.

The Coca-Cola Company contributed a significant portion of our total marketing expenses in our territories during 2009 and has reiterated its intention to continue providing such support as part of our new cooperation framework. Although we believe that The Coca-Cola Company will continue to provide funds for advertising and marketing, it is not obligated to do so. Consequently, future levels of advertising and marketing support provided by The Coca-Cola Company may vary materially from the levels historically provided. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—The Shareholders Agreement" and "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—Cooperation Framework with The Coca-Cola Company."

We have separate bottler agreements with The Coca-Cola Company for each of the territories in which we operate, on substantially the same terms and conditions. These bottler agreements are automatically renewable for ten-year terms, subject to the right of either party to give prior notice that it does not wish to renew a specific agreement.

In Mexico, we have four bottler agreements; the agreements for two territories expire in June 2013 and the agreements for the other two territories expire in May 2015. Our bottler agreements with The Coca-Cola Company will expire for our territories in the following countries: Argentina in September 2014; Brazil in April 2014; Colombia in June 2014; Venezuela in August 2016; Guatemala in March 2015; Costa Rica in September 2017; Nicaragua in May 2016; and Panama in November 2014.

The bottler agreements are subject to termination by The Coca-Cola Company in the event of default by us. The default provisions include limitations on the change in ownership or control of our company and the assignment or transfer of the bottler agreements and are designed to preclude any person not acceptable to The Coca-Cola Company from obtaining an assignment of a bottler agreement or from acquiring our company independently of other rights set forth in the shareholders agreement. These provisions may prevent changes in our principal shareholders, including mergers or acquisitions involving sales or dispositions of our capital stock, which will involve an effective change of control, without the consent of The Coca-Cola Company. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—The Shareholders Agreement."

We have also entered into tradename licensing agreements with The Coca-Cola Company pursuant to which we are authorized to use certain trademark names of The Coca-Cola Company. These agreements have a ten-year term, but are terminated if we cease to manufacture, market, sell and distribute *Coca-Cola* trademark products pursuant to the bottler agreements or if the shareholders agreement is terminated. The Coca-Cola Company also has the right to terminate a license agreement if we use its trademark names in a manner not authorized by the bottler agreements.

DESCRIPTION OF PROPERTY, PLANT AND EQUIPMENT

Over the past several years, we made significant capital improvements to modernize our facilities and improve operating efficiency and productivity, including:

- increasing the annual capacity of our bottling plants by installing new production lines;
- installing clarification facilities to process different types of sweeteners;
- installing plastic bottle-blowing equipment;
- modifying equipment to increase flexibility to produce different presentations, including faster sanitation and changeover times on production lines; and
- closing obsolete production facilities.

See "Item 5. Operating and Financial Review and Prospects—Capital Expenditures."

As of December 31, 2009, we owned thirty-one bottling plants company-wide. By country, we have ten bottling facilities in Mexico, five in Central America, six in Colombia, four in Venezuela, four in Brazil and two in Argentina.

As of December 31, 2009, we operated 210 distribution centers, approximately 40% of which were in our Mexican territories. We own more than 88% of these distribution centers and lease the remainder. See "—The Company—Product Distribution."

We maintain an "all risk" insurance policy covering our properties (owned and leased), machinery and equipment and inventories as well as losses due to business interruptions. The policy covers damages caused by natural disaster, including hurricane, hail, earthquake and damages caused by human acts, including explosion, fire, vandalism, riot and losses incurred in connection with goods in transit. In addition, we maintain an "all risk" liability insurance policy that covers product liability. We purchase our insurance coverage through an insurance broker. In most cases the policies are issued by Allianz México, S.A., Compañía de Seguros, and the coverage is partially reinsured in the international reinsurance market.

The table below summarizes by country principal use, installed capacity and percentage utilization of our production facilities:

Bottling Facility Summary
As of December 31, 2009

Country	Installed Capacity (thousands of unit cases)	% Utilization[1]
Mexico	1,594,568	75%
Guatemala	36,850	70%
Nicaragua	85,766	43%
Costa Rica	78,486	58%
Panama	38,399	62%
Colombia	370,776	59%
Venezuela	275,205	81%
Brazil	623,676	66%
Argentina	285,825	66%

(1) Annualized rate.

The table below summarizes by country plant location and facility area of our production facilities:

Bottling Facility by Location
As of December 31, 2009

Country	Plant	Facility Area (thousands of sq. meters)
Mexico	San Cristóbal de las Casas, Chiapas	45
	Cuautitlán, Estado de México	35
	Los Reyes la Paz, Estado de México	50
	Toluca, Estado de México	242
	Celaya, Guanajuato	87
	León, Guanajuato	38
	Morelia, Michoacán	50
	Ixtacomitán, Tabasco	117
	Apizaco, Tlaxcala	80
	Coatepec, Veracruz	142
Guatemala	Guatemala City	47
Nicaragua	Managua	54
Costa Rica	Calle Blancos (San José)	52
	Coronado (San José)	14
Panama	Panama City	29
Colombia	Barranquilla	37
	Bogotá	105
	Bucaramanga	26
	Cali	76
	Manantial	67
	Medellín	47
Venezuela	Antímano	15
	Barcelona	141
	Maracaibo	68
	Valencia	100
Brazil	Campo Grande	36
	Jundiaí	191
	Mogi das Cruzes	119
	Belo Horizonte	73
Argentina	Alcorta	73
	Monte Grande (Buenos Aires)	32

SIGNIFICANT SUBSIDIARIES

The table below sets forth all of our direct and indirect significant subsidiaries and the percentage of equity of each subsidiary we owned directly or indirectly as of December 31, 2009:

Name of Company	Jurisdiction of Incorporation	Percentage Owned	Description
Propimex, S.A. de C.V.....	Mexico	100.00%	Manufacturer of bottles and distributor of bottled beverages.
Controladora Interamericana de Bebidas, S.A. de C.V.....	Mexico	100.00%	Holding company of manufacturers and distributors of beverages.
Spal Industria Brasileira de Bebidas, S.A.....	Brazil	97.71%	Manufacturer of cans and related products for bottling beverages.
Coca-Cola FEMSA de Venezuela S.A. (formerly, Panamco Venezuela, S.A. de C.V.).....	Venezuela	100.00%	Manufacturer of bottles and related products for bottling beverages.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

General

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements including the notes thereto. Our consolidated financial statements were prepared in accordance with Mexican Financial Reporting Standards, which differ in certain respects from U.S. GAAP. Notes 26 and 27 to our consolidated financial statements provide a description of the principal differences between Mexican Financial Reporting Standards and U.S. GAAP as they relate to us, together with a reconciliation to U.S. GAAP of net income and equity.

Average Price Per Unit Case. We use average price per unit case to analyze average pricing trends in the different territories in which we operate. We calculate average price per unit case by dividing net sales by total sales volume. Sales of beer in Brazil, which are not included in our sales volumes, are excluded from this calculation.

Effects of Changes in Economic Conditions. Our results of operations are affected by changes in economic conditions in Mexico and in the other countries in which we operate. For the years ended December 31, 2009, 2008 and 2007, 35.8%, 40.7% and 47.0%, respectively, of our total revenues were attributable to Mexico. In addition to Mexico, we also conduct operations in Central America, Colombia, Venezuela, Brazil and Argentina.

Our future results may be significantly affected by the general economic and financial conditions in the countries where we operate. Decreases in economic growth rates, periods of negative growth, devaluation of local currencies, increases in inflation or interest rates and political developments may result in lower demand for our products, lower real pricing or a shift to lower margin products or lower margin presentations.

The Mexican economy continues to be heavily influenced by the U.S. economy, and therefore, further deterioration in economic conditions in, or delays in recovery of, the U.S. economy may hinder any recovery in Mexico. In addition, an increase in interest rates in Mexico would increase our cost of Mexican peso-denominated variable interest rate indebtedness and would have an adverse effect on our financial condition. Depreciation of the Mexican peso relative to the U.S. dollar increases the cost to us of a portion of the raw materials we acquire, the price of which is paid in or determined with reference to U.S. dollars, and of our debt obligations denominated in U.S. dollars and thereby may negatively affect our financial condition.

Recent developments

In January 2010, the Venezuelan government announced a devaluation of its official exchange rates and the establishment of a multiple exchange rate system of: (1) 2.60 bolivares to US$ 1.00 for high priority categories (2) 4.30 bolivares to US$ 1.00 for non-priority categories and (3) the recognition of the existence of other exchange rates which the government shall determine. See "—Liquidity and Capital Resources."

On February 5, 2010, we issued our 4.625% Senior Notes, due 2020 in the aggregate principal amount of US$ 500 million.

On February 10, 2010, our board of directors proposed an ordinary dividend of Ps. 2,604 million. This dividend was approved at the annual shareholders meeting held on April 14, 2010, and represents an increase of 94% as compared to the dividend paid in April 2009.

On February 25, 2010 and on April 16, 2010, we repaid our Mexican peso-denominated bonds, *Certificado Bursátil* KOF 09 and *Certificado Bursátil* KOF 03-3 at maturity in an aggregate principal amount of Ps. 2,000 and Ps.1,000 million, respectively.

Critical Accounting Estimates

The preparation of our consolidated financial statements requires that we make estimates and assumptions that affect (1) the reported amounts of our assets and liabilities, (2) the disclosure of our contingent assets and liabilities as of the date of the financial statements and (3) the reported amounts of revenues and expenses during the reporting period. We base our estimates and judgments on our historical experience and on various other reasonable factors, which together form the basis for making judgments about the carrying values of our assets and liabilities. Our actual results may differ from these estimates under different assumptions or conditions. We evaluate our estimates and judgments on an on-going basis. Our significant accounting policies are described in Note 4 to our consolidated financial statements. We believe our most critical accounting policies that imply the application of estimates and/or judgments are:

Allowance for Doubtful Accounts. We determine our allowance for doubtful accounts based on an evaluation of the aging of our receivables portfolio. The amount of the allowance is based on an analysis of recoverability of each balance. Most of our sales, however, are realized on a cash basis and do not give rise to doubtful accounts.

Returnable Bottles and Cases; Allowance for Bottle Breakage. Returnable bottles and cases are recorded at acquisition cost and, through 2007, these costs were restated applying inflation factors. Beginning in 2008, they are restated applying inflation factors only in inflationary countries. We classify them as property, plant and equipment. There are two types of returnable bottles and cases that belong to the Company: (1) those that are in our control within its facilities, plants and distribution centers and (2) those that have been placed in the hands of customers (in the market).

Breakage of returnable bottles and cases within plants and distribution centers is recorded as an expense. We estimate that the expense for breakage of returnable bottles and cases in plants and distribution centers is similar to the depreciation of these assets calculated on an estimated useful life of four years for returnable glass bottles and plastic cases, and 18 months for returnable plastic bottles.

Our returnable bottles and cases in the market and for which a deposit from customers has been received are presented net of such deposits, and the difference between the cost of these assets and the deposits received is depreciated according to their useful lives.

Property, Plant and Equipment and Other Assets. We depreciate and amortize property, plant and equipment and other assets over their useful lives. The estimated useful lives represent the period we expect the assets to remain in service and to generate revenues. We base our estimates on the experience of our technical personnel. Depreciation and amortization are computed using the straight-line method.

Valuation of Intangible Assets. In accordance with Mexican Financial Reporting Standards, we consider the difference between the acquisition cost and the fair value as intangible assets that relate to the rights to produce and distribute *Coca-Cola* trademark beverages. We separate intangible assets between those with a finite useful life and those with an indefinite useful life, in accordance with the period over which we expect to receive the benefits.

We value at fair value all assets and liabilities as of the date of acquisition and we conduct an analysis of the excess purchase price over the fair value of the net assets. This analysis results in the recognition of an intangible asset with indefinite life for the right to produce and distribute *Coca-Cola* trademark beverages, which are subject to annual impairment tests under Mexican Financial Reporting Standards. Intangible assets are recorded in the functional currency of the subsidiary in which the investment was made and are subsequently translated into Mexican pesos applying the closing exchange rate of each period. Beginning in 2008, for operations in an inflationary economic environment the intangible assets are restated by applying inflation factors of the country of origin and are translated into Mexican pesos at the year-end exchange rate. Through 2007, the intangible assets with indefinite lives were restated by applying inflation factors of the country of origin, regardless of the economic environment, and were translated at the year-end exchange rate.

Intangible assets with indefinite life are no longer subject to amortization, but instead are subject to an initial impairment review and subsequent impairment test.

Historically, our bottler agreements have been renewed, and we have not experienced any significant termination of our bottler agreements. All of our bottler agreements provide for renewal at no cost and without any change in their terms and conditions. We also do not believe that any law or regulation could oppose or otherwise adversely affect the renewal of such agreements.

Impairment of Intangible Assets (with indefinite and definitive lives) and Long-Lived Assets. We continually review the carrying value of our intangible assets and long-lived assets for accuracy. We review for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable based on our projections of anticipated future cash flows. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect our evaluations. This test is performed annually or more frequently if deemed necessary.

Our evaluations indicate that no significant impairment of intangible assets or long-lived assets has been required. We can give no assurance that our expectations will not change as a result of new information or developments. Changes in economic or political conditions in all the countries in which we operate or in the industries in which we participate, however, may cause us to change our current assessment.

Labor Liabilities. Our labor liabilities include obligations for pension and retirement plans, seniority premiums and severance payments from causes other than restructuring. Labor liabilities are determined using long-term assumptions.

We evaluate our assumptions at least annually. Those assumptions include the discount rate, expected long-term rate of return on plan assets, rates of increase in compensation costs and certain employee-related factors, such as turnover, retirement age and mortality rate. The assumptions include the economic risks existing in the countries in which our business operates.

In accordance with Mexican Financial Reporting Standards, actual results that differ from our assumptions are accumulated and amortized over future periods and, therefore, generally affect our recognized expenses and recorded obligations in such future periods. While we believe that our assumptions are appropriate, significant differences in our actual experience or significant changes in our assumptions may materially affect our labor obligations and our future expense.

The following table is a summary of the three key assumptions used in determining 2009 annual labor expense, along with the impact on pension expense of a 1% change in each assumed rate:

Assumption	**2009 real rates for inflationary countries[(1)]**	**2009 nominal rates for noninflationary countries[(1)]**	**Impact of 1% change (millions)[(2)]**
Annual discount rate	1.5%-3.0%	6.5%-9.8%	+ Ps. (148) - Ps. 146
Salary increase	1.50%	4.5%-8.0%	+ Ps. 94 - Ps. 109
Estimated return on plan assets	1.5%-3.0%[(3)]	8.2%-9.8%[(3)]	+ Ps. 57

(1) Calculated using a measurement date of December 2009.
(2) "+" indicates an increase of 1%; "-" indicates a decrease of 1%.
(3) Not applicable for Colombia and Guatemala.

The total period cost related to the pension plan is registered above the income from operations line.

Income Taxes (Valuation Allowance). We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable

income, projected future taxable income and the expected timing of the reversals of existing temporary differences. If these estimates and related assumptions change in the future, we may be required to adjust valuation allowances.

Tax and Legal Contingencies. We are subject to various claims and contingencies related to tax, labor and other legal proceedings. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management periodically assesses the probability of loss for such contingencies and accrues a liability and/or discloses the applicable relevant circumstances, as appropriate. We accrue a liability for the estimated loss in accordance with accounting rules.

New Accounting Pronouncements

Mexican Financial Reporting Standards.

NIF B-5, "Financial Information by Segment." NIF B-5 includes definitions and criteria for reporting financial information by operating segment. NIF B-5 establishes that an operating segment shall meet the following criteria: (1) the segment engages in business activities from which it earns or is in the process of obtaining revenues, and incurs related costs and expenses, (2) the operating results are reviewed regularly by the company's management and (3) specific financial information is available. NIF B-5 requires disclosures related to operating segments subject to reporting, including details of earnings, assets and liabilities, reconciliations, information about products and services, and geographical areas. NIF B-5 is effective beginning on January 1, 2011, and this accounting principle shall be applied retrospectively for comparable purposes. We are in the process of assessing the effect of adopting these new standards.

NIF B-9, "Interim Financial Reporting." NIF B-9 prescribes the content to be included in a complete or condensed set of financial statements for an interim period. In accordance with this accounting principle, the complete set of financial statements shall include: (1) a statement of financial position as of the end of the period, (2) an income statement for the period, (3) a statement of changes in shareholders' equity for the period, (4) a statement of cash flows for the period and (5) notes providing the relevant accounting policies and other explanatory notes. Condensed financial statements shall include: (1) a condensed statement of financial position, (2) a condensed income statement, (3) a condensed statement of changes in shareholders' equity, (4) a condensed statement of cash flows and (5) selected explanatory notes. NIF B-9 is effective beginning on January 1, 2011. Interim financial statements shall be presented in a comparative form. We are in the process of assessing the effect of these new standards.

NIF C-1, "Cash and cash equivalents." NIF C-1 establishes that cash shall be measured at nominal value, and cash equivalents shall be measured at its acquisition cost for initial recognition. Subsequently, cash equivalents should be measured according to its designation: precious metals shall be measured at fair value, foreign currencies shall be translated to the reporting currency applying the closing exchange rate, other cash equivalents denominated in a different measure of exchange shall be recognized to the extent provided for this purpose at the closing date of financial statements, and available-for-sale investments shall be presented at fair value. Cash and cash equivalents shall be presented in the first line of assets (including restricted cash). NIF C-1 is effective beginning on January 1, 2010 and shall be applied retrospectively.

In January 2009, the CNBV published amendments to the regulations applicable to financial reporting of Mexican issuers with equity securities listed on a Mexican securities exchange, including the requirement to prepare and present financial statements using International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) in place of Mexican Financial Reporting Standards beginning in 2012. Issuers may voluntarily report their financial statements using IFRS before the change in the reporting standards becomes mandatory. We have not fully assessed the effects that adopting IFRS will have on our financial information.

U.S. GAAP. The following new accounting standards have been issued under U.S. GAAP, the application of which is required as indicated. We are in the process of assessing the effect of adopting these new standards.

FASB issued FASB Staff Position FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," or FSP FAS 132(R)-1. FSP FAS 132(R)-1 was issued by the FASB in December 2008 and was codified as a component of ASC 715. This new guidance amends previous U.S. GAAP standards replacing the requirement to disclose the percentage of fair value of total plan assets with a requirement to disclose the fair value of each major asset category. It also clarifies that defined benefits pension or other postretirement plan assets are not subject to certain disclosure requirements. This new guidance is effective for fiscal years ending after December 2009. This new guidance will increase the amount of disclosure for plan assets in our audited financial statements.

FASB Statement No. 166 "Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140," or FAS 166 (ASC 860). This statement provides for the removal of the concept of a qualifying special-purpose entity and removes the exception from applying variable interest entity accounting to qualifying special-purpose entities. This statement also clarifies that one objective of U.S. GAAP is to determine whether a transferor and all of the entities included in the transferor's financial statements being presented have surrendered control over transferred financial assets. FAS 166 modifies the financial-components approach used in U.S. GAAP and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset. FAS 166 also defines the term "participating interest" to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. FAS 166 requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are also required by FAS 166. FAS 166 must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, and must be applied to transfers occurring on or after the effective date. We are currently evaluating the impact that the adoption of this standard will have on our consolidated financial statements.

"Amendments to FIN 46R" or FAS 167 (ASC 810). The FASB adopted FAS 167 to improve financial reporting by enterprises involved with variable interest entities. The FASB undertook this project to address (1) the effects on certain provisions of ASC 810 (formerly FIN 46R "Consolidation of Variable Interest Entities," or FIN 46R), as a result of the elimination of the qualifying special-purpose entity concept in FAS 166 and (2) constituent concerns about the application of certain key provisions, including those in which the accounting and disclosures under previous guidance do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. FAS 167 shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009. Early adoption is prohibited.

Results of Operations

The following table sets forth our consolidated income statement for the years ended December 31, 2009, 2008 and 2007. Certain figures for years prior to 2009 have been reclassified for comparison purposes to 2009 figures. See Note 4 to our consolidated financial statements for our significant accounting policies.

	Year Ended December 31,			
	2009[(1)]	**2009**	**2008**	**2007**
	(2009 and 2008 in millions of Mexican pesos or millions of U.S. dollars; 2007 in millions of constant Mexican pesos as of December 31, 2007, except per share data)			
Revenues:				
Net sales	US$7,829	Ps. 102,229	Ps. 82,468	Ps. 68,969
Other operating revenues	41	538	508	282
Total revenues	7,870	102,767	82,976	69,251
Cost of good sold	4,209	54,952	43,895	35,876
Gross profit	3,661	47,815	39,081	33,375
Operating expenses:				

	Year Ended December 31,			
	2009[1]	2009	2008	2007
	(2009 and 2008 in millions of Mexican pesos or millions of U.S. dollars; 2007 in millions of constant Mexican pesos as of December 31, 2007, except per share data)			
Administrative	406	5,308	4,095	3,729
Selling	2,043	26,672	21,291	18,160
	2,449	31,980	25,386	21,889
Income from operations	1,212	15,835	13,695	11,486
Other expenses, net	111	1,449	1,831	702
Comprehensive financing result:				
Interest expense	144	1,895	2,207	2,178
Interest income	(22)	(286)	(433)	(613)
Foreign exchange loss (gain), net	28	370	1,477	(99)
Gain on monetary position in inflationary subsidiaries	(37)	(488)	(658)	(1,007)
Market value (gain) loss on ineffective portion of derivative financial instruments	(9)	(118)	959	(114)
	104	1,373	3,552	345
Income before income taxes	997	13,013	8,312	10,439
Income taxes	310	4,043	2,486	3,336
Consolidated net income	US$ 687	Ps. 8,970	Ps. 5,826	Ps. 7,103
Net controlling interest income	653	8,523	5,598	6,908
Net non-controlling interest income	34	447	228	195
Consolidated net income	US$ 687	Ps. 8,970	Ps. 5,826	Ps. 7,103
Net controlling income (U.S. dollars and Mexican pesos):				
Data per share	US$ 0.35	Ps. 4.62	Ps. 3.03	Ps. 3.74

(1) Translation to U.S. dollar amounts at an exchange rate of Ps. 13.0576 per US$ 1.00 solely for the convenience of the reader.

Operations by Segment

The following table sets forth certain financial information for each of our segments for the years ended December 31, 2009, 2008 and 2007. Certain figures for years prior to 2009 have been reclassified for comparison purposes to 2009 figures. See Note 4 to our consolidated financial statements for our significant accounting policies. See Note 25 to our consolidated financial statements for additional information by segment.

	Year Ended December 31,		
	2009	2008	2007
	(2009 and 2008 in millions of Mexican pesos; 2007 in millions of constant Mexican pesos as of December 31, 2007)		
Total revenues			
Mexico	Ps. 36,785	Ps. 33,799	Ps. 32,550
Latincentro[(1)]	15,993	12,791	11,741
Venezuela	22,430	15,182	9,785
Mercosur[(2)]	27,559	21,204	15,175
Gross profit			
Mexico	Ps. 18,389	Ps. 17,315	Ps. 17,017
Latincentro[(1)]	7,690	6,057	5,667
Venezuela	9,950	6,294	4,002
Mercosur[(2)]	11,786	9,415	6,689
Income from operations			
Mexico	Ps. 6,849	Ps. 6,715	Ps. 6,598
Latincentro[(1)]	2,937	2,370	1,967
Venezuela	1,815	1,289	575
Mercosur[(2)]	4,234	3,321	2,346

(1) Includes Guatemala, Nicaragua, Costa Rica, Panama and Colombia.
(2) Includes Brazil and Argentina.

Results of Operations for the Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

Consolidated Results of Operations

Total Revenues. Consolidated total revenues increased 23.9% to Ps. 102,767 million in 2009, as compared to 2008, as a result of revenue growth in all of our divisions. Organic growth across our operations contributed more than 75% of incremental revenues; the acquisitions of REMIL in Brazil and the Brisa water business in Colombia together contributed slightly less than 15% and a positive exchange rate translation effect, resulting from the depreciation of the Mexican peso against the local currencies in the other countries where we operate, accounted for approximately 10%, representing the balance. For comparison purposes, REMIL was first included in our operating results beginning June 1, 2008. REMIL was included as an acquisition during the months of January through May 2009. Brisa has been included in our operating results for Colombia, the Latincentro division and on a consolidated basis beginning June 1, 2009. On a currency neutral basis and excluding the acquisitions of REMIL and Brisa, our consolidated revenues for 2009 would have increased by approximately 19%.

Total sales volume increased 8.3% to 2,428.6 million unit cases in 2009, as compared to 2008. Excluding the acquisitions of REMIL and Brisa, total sales volume increased 5.1% to reach 2,357.0 million unit cases. Organic volume growth was a result of (1) growth in sparkling beverages, driven by a 4% increase in the *Coca-Cola* brand across our territories, accounting for approximately 45% of incremental volumes, (2) growth in the still beverage category, mainly driven by the Jugos del Valle line of products in our operations in Mexico and Colombia,

contributing less than 45% of incremental volumes and (3) a 4% increase in our bottled water category, representing the balance.

Consolidated average price per unit case grew 13.9%, reaching Ps. 40.95 in 2009, as compared to Ps. 35.94 in 2008. The increase in consolidated average price per unit case resulted from price increases implemented across our territories and higher volumes of sparkling beverages, which carry higher average price per unit case.

Gross Profit. Gross profit increased 22.3% to Ps. 47,815 million in 2009, as compared to 2008, driven by gross profit growth across all of our divisions. Cost of goods sold increased 25.2% as a result of (1) the devaluation of local currencies in our operations in Mexico, Colombia and Brazil as applied to our U.S. dollar-denominated raw material costs, (2) the higher cost of sweetener across our operations, (3) the integration of REMIL and (4) the third and final stage of the scheduled Coca-Cola Company concentrate price increase announced in 2006 in Mexico, all of which were partially offset by lower resin costs. Gross margin reached 46.5% in 2009, a decrease of 60 basis points as compared to 2008.

The components of cost of goods sold include raw materials (principally soft drink concentrate and sweeteners), packaging materials, depreciation expenses attributable to our production facilities, wages and other employment expenses associated with the labor force employed at our production facilities and certain overhead expenses. Concentrate prices are determined as a percentage of the retail price of our products in local currency net of applicable taxes. Packaging materials, mainly PET and aluminum, and high fructose corn syrup, which we use as a sweetener in some countries, are denominated in U.S. dollars.

Operating Expenses. Consolidated operating expenses as a percentage of total revenues increased to 31.1% in 2009 from 30.6% in 2008. Operating expenses in absolute terms increased 26.0% mainly as a result of (1) higher labor costs in Venezuela, (2) increased marketing investments in the Mexico division to support execution in the marketplace, widen our cooler coverage and increase our returnable base, (3) the integration of REMIL in Brazil and (4) increased marketing expenses in the Latincentro division mainly due to the integration of the Brisa portfolio in Colombia and the continued expansion of the Jugos del Valle line of products in Colombia and Central America.

Income from Operations. Consolidated operating income increased 15.6% to Ps. 15,835 million in 2009, as compared to 2008. Increases in operating income from our Latincentro division, including Venezuela, accounted for approximately 50% of this growth, while operating income growth in our Mercosur division accounted for more than 40% of incremental operating income. Our operating margin was 15.4% in 2009, a decline of 110 basis points as compared to 2008.

Other Expenses, Net. During 2009, we recorded Ps. 1,449 million in other expenses. These expenses were mainly composed of employee profit sharing and the loss on the sale of certain fixed assets**.**

Comprehensive Financing Result. The term "comprehensive financing result" refers to the combined financial effects of net interest expense, net foreign exchange gains or losses, and net gains or losses on monetary position from our countries which qualify as inflationary economies. Net foreign exchange gains or losses represent the impact of changes in foreign-exchange rates on assets or liabilities denominated in currencies other than local currencies and gains or losses resulting from derivative financial instruments. A foreign exchange loss arises if a liability is denominated in a foreign currency that appreciates relative to the local currency between the date the liability is incurred or the beginning of the period, whichever comes first, and the date it is repaid or the end of the period, whichever comes first, as the appreciation of the foreign currency results in an increase in the amount of local currency, which must be exchanged to repay the specified amount of the foreign currency liability.

Comprehensive financing result in 2009 recorded an expense of Ps. 1,373 million, as compared to an expense of Ps. 3,552 million in 2008, mainly due to the appreciation of the Mexican peso as applied to a lower U.S. dollar-denominated net debt position and lower interest expenses due to lower gross debt.

Income Taxes. Income taxes increased to Ps. 4,043 million in 2009 from Ps. 2,486 million in 2008. During 2009, taxes as a percentage of income before taxes were 31.1% as compared to 29.9% in the previous year. The

difference in the effective tax rate was mainly due to the reversal of a tax allowance during 2008 recorded in previous periods.

Net Controlling Interest Income. Consolidated net controlling interest income (previously referred to as "majority net income" under Mexican Financial Reporting Standards) was Ps. 8,523 million in 2009, an increase of 52.3% compared to 2008, mainly reflecting higher operating income in combination with a more favorable comprehensive financing result. Net controlling interest earnings per share, or EPS, was Ps. 4.62 (Ps. 46.16 per ADS) in 2009, computed on the basis of 1,846.5 million shares outstanding (each ADS represents 10 local shares).

Consolidated Results of Operations by Geographic Segment

Mexico

Total Revenues. Total revenues from our Mexico division increased 8.8% to Ps. 36,785 million in 2009, as compared to 2008. Incremental volumes accounted for close to 80% of incremental revenues during this period. Average price per unit case increased to Ps. 29.86, a 1.9% increase, as compared to 2008, mainly reflecting higher volumes from the *Coca-Cola* brand, which carries higher average prices per unit case, higher average prices per unit case from our growing still beverage portfolio and selective price increases implemented during the fourth quarter of 2009. Excluding bulk water under the *Ciel* brand, our average price per unit case was Ps. 34.89, a 1.7% increase, as compared to 2008.

Total sales volume increased 6.8% to 1,227.2 million unit cases in 2009, as compared to 1,149.0 million unit cases in 2008, resulting from (1) incremental volumes of the *Coca-Cola* brand, that grew more than 6%, (2) an increase of more than 80% in the still beverage category, driven by the Jugos del Valle product line and (3) more than 6% volume growth in our bottled water business, including bulk water.

Operating Income. Gross profit increased 6.2% to Ps. 18,389 million in 2009, as compared to 2008. Cost of goods sold increased 11.6% mainly as a result of (1) the devaluation of the Mexican peso as applied to our U.S. dollar-denominated raw material costs, (2) the third and final stage of the scheduled Coca-Cola Company concentrate price increase and (3) higher sweetener costs, all of which were partially offset by lower resin costs. Gross margin decreased from 51.2% in 2008 to 50.0% in 2009.

Operating income increased 2.0% to Ps. 6,849 million in 2009, compared to Ps. 6,715 million in 2008. Operating expenses grew 8.9% as a result of increased marketing investment to support our execution in the marketplace and higher selling expenses, mainly due to the integration of the specialized Jugos del Valle sales force and the development of the jug water business in the Valley of Mexico during the first half of 2009. Our operating margin was 18.6% in 2009, a decrease of 130 basis points as compared to 2008, mainly due to gross margin pressures.

Latincentro (Colombia and Central America)

Total Revenues. Total revenues for Colombia and Central America were Ps. 15,993 million in 2009, an increase of 25.0% as compared to 2008. Higher average price per unit case and volume growth each contributed equally to incremental revenues during this period. Consolidated average price per unit case for Colombia and Central America was Ps. 43.47 in 2009, representing a 12.5% increase as compared to 2008. Organic growth across our operations contributed more than 45% of incremental revenues, a positive currency translation effect, resulting from the depreciation of the Mexican peso against our operation's local currencies, represented approximately 40% of incremental revenues and the integration of Brisa represented the balance. Without the effect of a currency translation and excluding the acquisition of Brisa, our Colombian and Central American revenues would have increased by approximately 12%.

Total sales volume for Colombia and Central America increased 11.3% to 368.0 million unit cases in 2009 resulting from (1) a more than 85% growth in our bottled water business, due to the integration of Brisa in Colombia, accounting for close to 60% of incremental volumes, (2) an increase of more than 95% in the still

beverage category, driven by the Jugos del Valle product line, contributing more than 35% of the incremental and (3) incremental volumes of the *Coca-Cola* brand, that grew 3%, representing the balance.

Operating Income. Gross profit was Ps. 7,690 million, an increase of 27.0% in 2009, as compared to 2008. Cost of goods sold increased 23.3%, mainly as a result of higher sweetener costs and the depreciation of certain local currencies as applied to our U.S. dollar-denominated raw material costs, which were partially offset by the lower cost of resin. Gross margin increased from 47.4% in 2008 to 48.1% in 2009, an expansion of 70 basis points.

Our operating income increased 23.9% to Ps. 2,937 million in 2009, compared to the previous year. Operating expenses grew 28.9% as a result of increased marketing expenses, mainly due to the integration of the *Brisa* portfolio in Colombia and the continued expansion of the Jugos del Valle line of business in Colombia and Central America. Our operating margin reached 18.4% in 2009, resulting in a 10 basis points decline as compared to 2008.

Venezuela

Total Revenues. Total revenues in Venezuela reached Ps. 22,430 million in 2009, an increase of 47.7% as compared to 2008. Higher average price per unit case accounted for approximately 75% of incremental revenues during the period. Average price per unit case was Ps. 99.47 in 2009, representing an increase of 35.6% as compared to 2008. Without the negative effect of currency translation resulting from the appreciation of the Mexican peso against our operation's local currency, our revenues in Venezuela would have increased by approximately 53%.

Total sales volume increased 9.0% to 225.2 million unit cases in 2009, as compared to 206.7 million unit cases in 2008, mainly due to an increase of more than 9% in sparkling beverages sales volume, principally related to flavored sparkling beverages.

Operating Income. Gross profit was Ps. 9,950 million in 2009, an increase of 58.1% compared to 2008. Cost of goods sold increased 40.4% mainly due to higher packaging and sweetener costs. Gross margin increased from 41.5% in 2008 to 44.4% in 2009, an expansion of 290 basis points.

Operating income increased 40.8% to Ps. 1,815 million in 2009 compared to the previous year. Operating expenses grew 62.5% mainly as a result of higher labor costs. Operating margin was 8.1% in 2009, a decline of 40 basis points as compared to 2008.

Mercosur

Total Revenues. Total revenues increased 30.0% to Ps. 27,559 million in 2009, as compared to 2008. Excluding beer, which accounted for Ps. 2,783 million during 2009, total revenues increased 28.2% to Ps. 24,776 million compared to 2008. Organic growth contributed more than 40% of incremental revenues, the acquisition of REMIL in Brazil contributed more than 30% of incremental revenues and a positive exchange rate translation effect, mainly due to the depreciation of the Mexican peso against the Brazilian real, represented the balance. Without the effect of currency translation and the acquisition of REMIL, revenues for 2009 would have increased by approximately 13%.

Sales volume, excluding beer, increased 9.3% to 608.2 million unit cases in 2009, as compared to 2008, mainly due to the acquisition of REMIL. Sales volume, excluding REMIL and beer, increased 1.3% to 564.0 million unit cases. The still beverage category grew almost 55%, as a result of volume increases in flavored bottled water sales in Argentina and the Jugos del Valle line of business in Brazil, which was partially offset by a decline in sparkling beverages in Argentina.

Operating Income. In 2009, gross profit increased 25.2% to Ps. 11,786 million, as compared to the previous year. Cost of goods sold increased 33.8%, due to (i) the integration of REMIL in Brazil, (ii) the devaluation of local currencies as applied to our U.S. dollar-denominated raw material cost and (iii) higher

sweetener costs, all of which were partially compensated by lower resin costs. Gross margin decreased 160 basis points to 42.8% in 2009.

Operating income increased 27.5% to Ps. 4,234 million in 2009, as compared to Ps. 3,321 million in 2008. Operating expenses grew 23.9% mainly due to the integration of REMIL and higher labor and freight costs in Argentina. Operating margin was 15.4% in 2009, a decrease of 30 basis points as compared to 2008.

Results of Operations for the Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Consolidated Results of Operations

Total Revenues. Consolidated total revenues increased 19.8% to Ps. 82,976 million in 2008, as compared to 2007, as a result of growth in all of our divisions. Growth in our Latincentro division was mainly driven by incremental pricing, growth in our Mexico division was mainly driven by incremental volume and growth in the Mercosur division was mainly driven by the integration of REMIL. The Latincentro division and Venezuela accounted for more than 45% of the growth. The Mexico and the Mercosur divisions, excluding the acquisition of REMIL in Brazil, represented close to 30% of incremental revenues. REMIL contributed more than 20% of incremental revenues and the translation effect, represented most of the balance.

Total sales volume increased 5.8% to 2,242.8 million unit cases in 2008, as compared to the previous year. Excluding REMIL, total sales volume increased 2.6% to reach 2,176.7 million unit cases. Our water business, mainly driven by the bulk water business in Mexico, and still beverages, mainly driven by the introduction of Jugos del Valle and the new products derived from that line of business, accounted for approximately 80% of these incremental volumes. Sparkling beverage sales, mainly driven by the *Coca-Cola* brand and the strong performance of *Coca-Cola Zero* outside of Mexico represented the balance.

Consolidated average price per unit case grew 12.5%, reaching Ps. 35.93 in 2008, as compared to Ps. 31.95 in 2007. Price increases implemented in most of our territories and the addition of the Jugos del Valle line of business, which carries higher average prices per unit case, account for this growth.

Gross Profit. Our gross profit increased 17.1% to Ps. 39,081 million in 2008, as compared to the previous year, driven by higher revenues that more than compensated for higher cost of goods sold. Gross profit grew 40.8% in the Mercosur division, 27.7% in the Latincentro and Venezuela divisions and 1.8% in the Mexico division. Cost of goods sold increased 22.4% as a result of cost pressures related to the devaluation of local currencies in most of our operations as applied to our U.S. dollar-denominated raw material costs, the integration of REMIL and lower profitability from the Jugos del Valle line of business in Mexico, as expected in 2008 because of the agreement to retain profits at the joint venture company in 2008 for reinvestment. Gross margin reached 47.1% during 2008, a decrease of 110 basis points as compared to the same period of 2007.

Operating Expenses. Consolidated operating expenses as a percentage of total revenues decreased to 30.6% in 2008 from 31.6% in 2007 as a result of higher revenue growth that compensated for higher operating expenses. Operating expenses in absolute terms increased 16.0% year-over-year mainly as a result of salary increases in excess of inflation in some of the countries in which we operate and higher operating expenses in the Mercosur division, mainly due to the integration of REMIL, that were partially offset by lower marketing investment in some of our operations.

Income from Operations. Our consolidated income from operations increased 19.2% to Ps. 13,695 million in 2008, as compared to 2007. Our Mercosur division and Latincentro along with Venezuela, each accounted for more than 40% of this growth. Our operating margin remained relatively flat at 16.5% in 2008 compared to 16.6% in 2007.

Other Expenses, Net. During 2008, we have a net balance Ps. 1,831 million in the "other expenses" line. These expenses were mainly composed of (1) the write off of fixed assets related to the closing of two of our production facilities in Mexico, (2) the loss on sale of fixed assets and (3) employee profit sharing.

Comprehensive Financing Result. Our comprehensive financing result in 2008 showed an expense net balance of Ps. 3,552 million as compared to Ps. 345 million in 2007, mainly due to a foreign exchange loss driven by the devaluation of the Mexican peso as applied to our U.S. dollar-denominated debt and a less favorable monetary position resulting from the discontinuation of inflationary accounting in 2008 for our subsidiaries in Mexico, Guatemala, Panama, Colombia and Brazil.

Income Taxes. Income taxes decreased to Ps. 2,486 million in 2008 from Ps. 3,336 million in 2007. During 2008, taxes as a percentage of income before taxes were 29.9% as compared to 32.0% in 2007. The effective tax rate in 2008 was lower than the one of 2007.

Net Controlling Interest Income. Our consolidated net controlling interest income was Ps. 5,598 million in 2008, a decrease of 19.0% compared to 2007, mainly reflecting the depreciation of the Mexican peso as applied to our U.S. dollar-denominated debt. Net controlling interest EPS was Ps. 3.03 (Ps. 30.32 per ADS) in 2008, computed on the basis of 1,846.5 million shares outstanding (each ADS represents 10 local shares).

Consolidated Results of Operations by Geographic Segment

Mexico

Total Revenues. Total revenues from our Mexico division increased 3.8% to Ps. 33,799 million in 2008, as compared to the previous year. Incremental volumes accounted for the majority of incremental revenues during the year. Average price per unit case increased to Ps. 29.30, a 0.4% increase, as compared to 2007, reflecting higher average prices per unit case from our growing still beverage portfolio that were partially offset by lower average prices per unit case in flavored sparkling beverages and higher volumes of the *Coca-Cola* brand in multiserve presentations, which carry a lower price per unit case. Excluding bulk water under the *Ciel* and *Agua De Los Angeles* brands, our average price per unit case was Ps. 34.39, a 1.2% increase as compared to 2007.

Total sales volume increased 3.5% to 1,149.0 million unit cases in 2008, as compared to 1,110.4 million unit cases in 2007, resulting from the incremental volumes in the still beverage category, which were three times higher than in 2007, driven by the Jugos del Valle product line and more than 8% volume growth in our bottled water business, including bulk water. In the sparkling beverage category, incremental volumes of the *Coca-Cola* brand partially compensated for a flavored sparkling beverages decrease, resulting in a slight decline of 0.3%.

Income from Operations. Our gross profit increased 1.8% to Ps. 17,315 million in 2008 as compared to 2007. Cost of goods sold increased 6.1% as a result of lower profitability from the Jugos del Valle line of business, as expected in 2008 because of the agreement to retain profits at the joint venture company in 2008 for reinvestment, and the second stage of the scheduled increase in concentrate prices from The Coca-Cola Company, that offset lower year-over-year sweetener costs. Gross margin decreased from 52.3% in 2007 to 51.2% in 2008.

Income from operations increased 1.8% to Ps. 6,715 million in 2008, compared to Ps. 6,598 million in 2007, as a result of revenue growth and stable operating expenses, which more than compensated for higher cost of goods sold. Our operating margin was 19.9% in 2008, a decrease of 40 basis points as compared to 2007.

Latincentro (Colombia and Central America)

Total Revenues. Total consolidated revenues for Colombia and Central America reached Ps. 12,791 million in 2008, an increase of 8.9% as compared to 2007. Higher average price per unit case accounted for more than 50% of incremental revenues during the year. Consolidated average price per unit case for Colombia and Central America reached Ps. 38.64 in 2008, representing a 7.4% increase as compared to 2007. Although the Mexican peso depreciated as against the U.S. dollar, other local currencies depreciated less, leading to a positive exchange rate translation effect that represented close to 40% of incremental revenues while volume growth represented the balance. Excluding this translation effect, revenues would have increased 5.5%.

Total consolidated sales volume for Colombia and Central America increased 1.4% to 330.5 million unit cases in 2008, as compared to the previous year. Sales resulting from the introduction of the Jugos del Valle line of

business in Colombia and Central America provided more than 85% of this growth and increases in sparkling beverages across Central America provided the balance.

Income from Operations. Gross profit reached Ps. 6,057 million, an increase of 6.9% in 2008, as compared to 2007. Cost of goods sold increased 10.9% mainly driven by higher PET cost in combination with the depreciation of some local currencies as applied to our U.S. dollar-denominated packaging costs and higher sweetener costs in Central America. Gross margin decreased from 48.3% in 2007 to 47.4% in 2008, a decrease of 90 basis points.

Our income from operations increased 20.5% to Ps. 2,370 million in 2008, compared to the previous year, as a result of higher revenues combined with stable operating expenses including lower marketing expenses in Colombia and Central America. Our operating margin reached 18.5% in 2008, resulting in a 178 basis points expansion as compared to 2007.

Venezuela

Total Revenues. Total revenues in Venezuela reached Ps. 15,182 million in 2008, an increase of 55.2% as compared to 2007. Higher average price per unit case accounted for close to 90% of incremental revenues during the year. Average price per unit case reached Ps. 73.36 in 2008, representing a 57.0% increase as compared to 2007. The devaluation of the Mexican peso as against the Venezuelan bolivar resulted in a positive exchange rate translation effect that represented the balance of the total revenue growth in Venezuela. Excluding this translation effect, our Venezuela revenues would have increased 48.9%.

Total sales volume in Venezuela decreased 1.1% to 206.7 million unit cases in 2008, as compared to the previous year. The volume decline was a result of various short-term operating disruptions that we faced during the year.

Income from Operations. Gross profit reached Ps. 6,294 million, an increase of 57.3% in 2008, as compared to 2007. Cost of goods sold increased 53.7% mainly driven by higher packaging cost in combination with higher sweetener costs. Gross margin increased from 40.9% in 2007 to 41.5% in 2008, an expansion of 60 basis points.

Our income from operations increased 124.2% to Ps. 1,289 million in 2008, compared to the previous year, as a result of higher revenues that were partially compensated by higher labor costs in Venezuela. Our operating margin reached 8.5% in 2008, resulting in a 260 basis points expansion as compared to 2007.

Mercosur

Net Revenues. Net revenues increased 38.4% to Ps. 20,870 million in 2008, as compared to 2007. Excluding beer, which accounted for Ps. 1,881 million during the year, total revenues increased 36.9% to Ps. 18,989 million, compared to 2007. The acquisition of REMIL accounted for close to 55% of this growth and higher average prices per unit case and volume growth accounted for the balance.

Sales volume, excluding beer, increased 17.1% to 556.6 million unit cases in 2008, as compared to 2007, mainly driven by the acquisition of REMIL. Sales volume, excluding REMIL and beer, increased 3.1% to reach 490.4 million unit cases. Sparkling beverages volume growth accounted for almost 80% of these incremental volumes, mainly driven by the *Coca-Cola* brand and the strong performance of *Coca-Cola Zero*. Bottled water in Brazil and still beverages in Argentina provided the balance.

Income from Operations. In 2008, our gross profit increased 40.8% to Ps. 9,415 million, as compared to the previous year. Cost of goods sold increased 38.9%, driven by (1) the integration of REMIL, (2) the devaluation of local currencies as applied to our U.S. dollar-denominated raw material cost and (3) higher sweetener costs in Brazil, as compared to last year. Our Mercosur division's gross margin increased 30 basis points to 44.4% in 2008.

Income from operations increased 41.6%, reaching Ps. 3,321 million in 2008, as compared to Ps. 2,346 million in 2007. Operating leverage achieved by higher revenues more than compensated for (1) higher expenses related to expansion in our cooler coverage, (2) the renewal of our distribution fleet in Brazil, in order to comply with new traffic regulations in the city of Sao Paulo, and (3) higher labor and freight costs in Argentina. Our operating margin was 15.7% in 2008, an increase of 20 basis points as compared to 2007.

Liquidity and Capital Resources

Liquidity. The principal source of our liquidity is cash generated from operations. A significant majority of our sales are on a cash basis with the remainder on a short-term credit basis. We have traditionally been able to rely on cash generated from operations to fund our working capital requirements and our capital expenditures. Our working capital benefits from the fact that most of our sales are made on a cash basis, while we generally pay our suppliers on credit. In recent periods, we have mainly used cash generated from operations to fund acquisitions. We have also used a combination of borrowings from Mexican and international banks and issuances in the Mexican and international capital markets.

Our total indebtedness was Ps. 15,925 million as of December 31, 2009, as compared to Ps. 18,574 million as of December 31, 2008. Short-term debt and long-term debt were Ps. 5,427 million and Ps. 10,498 million, respectively, as of December 31, 2009, as compared to Ps. 6,119 million and Ps. 12,455 million, respectively, as of December 31, 2008. Total debt decreased Ps. 2,649 million in 2009 mainly as a result of the maturity of the outstanding balance of our senior notes in the amount of US$ 265 million and the maturity of our Mexican peso-denominated bond, *Certificado Bursátil* KOF 03-6 in the amount of Ps. 500 million, both in July 2009. In addition, during 2009 we decreased our debt denominated in Colombian pesos by an amount equivalent to US$ 100 million (as calculated at the exchange rate on December 31, 2009). Net debt decreased Ps. 6,197 in 2009 mainly as a result of cash generated by operations during the year. As of December 31, 2009, cash and cash equivalents, including marketable securities, were Ps. 9,740 million, as compared to Ps. 6,192 million as of December 31, 2008. As of December 31, 2009, our cash, cash equivalents and marketable securities were comprised of 45.8% U.S. dollars, 27.7% Mexican pesos, 19.0% Brazilian reais, 3.7% Venezuelan bolivares, 2.5% Colombian pesos and 0.7% Argentinean pesos. As of March 31, 2010, our cash, cash equivalents and marketable securities balance was Ps. 14,681 million, including US$ 835.7 million denominated in U.S. dollars. These funds, in addition to the cash generated by our operations, are sufficient to meet our operating requirements.

As part of our financing policy, we expect to continue to finance our liquidity needs from cash from operations. Nonetheless, as a result of regulations in certain countries in which we operate, it may not be beneficial or, as in the case of exchange controls in Venezuela, practicable for us to remit cash generated in local operations to fund cash requirements in other countries. Exchange controls like those in Venezuela may also increase the real price of remitting cash from operations to fund debt requirements in other countries. In the event that cash from operations in these countries is not sufficient to fund future working capital requirements and capital expenditures, we may decide, or be required, to fund cash requirements in these countries through local borrowings rather than remitting funds from another country. In addition, our liquidity in Venezuela could be affected by changes in the rules applicable to exchange rates as well as other regulations, such as exchange controls. In the future we may be required to finance our working capital and capital expenditure needs with short-term or other borrowings.

In January 2010, the Venezuelan government announced a devaluation of its official exchange rates and the establishment of a multiple exchange rate system of: (1) 2.60 bolivares to US$ 1.00 for high priority categories (2) 4.30 bolivares to US$ 1.00 for non-priority categories and (3) the recognition of the existence of other exchange rates which the government shall determine. We expect this devaluation will have an adverse impact on our financial results, by increasing our operating costs and by reducing the Mexican peso amounts from our Venezuelan operations reported in our financial statements as a result of the translation accounting rules under Mexican Financial Reporting Standards. The exchange rate that will be used to translate our financial statements as of January 2010 will be 4.30 bolivares per U.S. dollar. As of December 31, 2009, the financial statements were translated to Mexican pesos using the exchange rate of 2.15 bolivares per U.S. dollar. As a result of this devaluation, the balance sheet of our Venezuelan subsidiary will reflect a reduction in shareholders' equity of approximately Ps. 3,700 million, accounted for in January 2010.

We continuously evaluate opportunities to pursue acquisitions or engage in strategic transactions. We would expect to finance any significant future transactions with a combination of any of cash from operations, long-term indebtedness and the issuance of shares of our company.

Sources and Uses of Cash. In 2008, we adopted NIF B-2 "Statement of Cash Flows" which presents cash inflows and outflows in nominal currency as part of our consolidated financial statements, replacing the statement of changes in financial position, which included inflation effects and unrealized foreign exchange effects. The cash flow statement is presented for the years ended December 31, 2009 and 2008 and the statements of changes in financial position, for the year ended December 31, 2007. The application of this standard is prospective, therefore the cash flow statement is not comparable to the statements of changes in financial position.

The following table summarizes the sources and uses of cash for the years in the periods ended December 31, 2009 and 2008, from our consolidated statements of cash flows:

Principal Sources and Uses of Cash
Years ended December 31, 2009 and 2008
(in millions of Mexican pesos)

	2009	2008
Net cash flows from operating activities	Ps. 16,840	Ps. 12,139
Net cash flows used in investing activities[(1)]	(8,900)	(7,299)
Net cash flows used in financing activities[(2)]	(6,029)	(5,261)
Dividends declared and paid	(1,344)	(945)

(1) Includes property, plant and equipment, investment in shares and other assets.
(2) Includes dividends declared and paid.

The following table summarizes the sources and uses of cash for the year in the period ended December 31, 2007, from our consolidated statement of changes in financial position:

Principal Changes in Financial Position
Year ended December 31, 2007
(in millions of constant Mexican pesos at December 31, 2007)

	2007
Net resources generated by operations	Ps. 8,961
Net resources used in investing activities[(1)]	(4,752)
Net resources used in financing activities[(2)]	(1,741)
Dividends declared and paid	(831)

(1) Includes property, plant and equipment, investment in shares and other assets.
(2) Includes dividends declared and paid.

Contractual Obligations

The table below sets forth our contractual obligations as of December 31, 2009:

	Maturity (in millions of Mexican pesos)				
	Less than 1 year	1-3 years	4 –5 years	In excess of 5 years	Total
Debt[1]					
Mexican pesos	Ps. 3,000	Ps. 3,333	Ps. 4,217	Ps. —	Ps. 10,550
U.S. dollars	—	2,873	—	—	2,873
Venezuelan bolivares	741	—	—	—	741
Colombian pesos	496	—	—	—	496
Argentine pesos	1,179	69	—	—	1,248
Capital Leases					
Brazilian reais	—	2	—	—	2
U.S. dollars	11	4	—	—	15
Interest Payments on Debt[2]					
Mexican pesos	429	862	265	—	1,556
U.S. dollars	16	34	—	—	50
Venezuelan bolivares	29	—	—	—	29
Colombian pesos	12	—	—	—	12
Argentine pesos	153	4	—	—	157
Interest Rate Swaps[3]					
Mexican pesos	(2)	(62)	(28)	—	(92)
U.S. dollars	—	(30)	(11)	—	(41)
Cross Currency Swaps[4]					
Mexican pesos to U.S. dollars[5]	—	(354)	—	—	(354)
Operating Leases					
Mexican pesos…….……..	233	643	149	824	1,849
U.S. dollars……..……..	9	16	—	—	25
Commodity Hedge Contracts					
Sugar	96	38	—	—	134
Expected Benefits to be Paid for Pension and Retirement Plans and Seniority Premium	49	84	90	369	592
Other Long-Term Liabilities[6]	—	—	—	7	7

(1) Excludes the effect of cross currency swaps.

(2) Interest was calculated using debt as of and nominal interest rate amounts in effect on December 31, 2009. Liabilities denominated in U.S. dollars were translated to Mexican pesos at an exchange rate of Ps. 13.0587 per U.S. dollar, the exchange rate quoted to us by dealers for the settlement of obligations in foreign currencies on December 31, 2009.

(3) Reflects the market value as of December 31, 2009 of interest rates swaps that are considered hedges for accounting purposes. The amounts shown in the table are fair value figures at December 31, 2009.

(4) Includes cross currency swap contracts held as of December 31, 2009. U.S. dollar-denominated amounts were translated to Mexican pesos as described in footnote (2) above. The amounts shown in the table are fair value figures at December 31, 2009.

(5) Cross-currency swaps used to convert Mexican peso-denominated floating rate debt into U.S. dollar-denominated floating rate debt with a notional amount of Ps. 196 million with maturity date as of September 16, 2011, Ps. 392 million with maturity date as of December 2, 2011, Ps. 979 million with maturity date as of December 5, 2011 and Ps. 457 million with maturity date as of March 2, 2012. These cross-currency swaps are not considered hedges for accounting purposes.

(6) Other long-term liabilities reflects liabilities whose maturity dates are undefined and depends on a series of circumstances out of our control, therefore these liabilities have been considered to have a maturity of more than five years.

Debt Structure

The following chart sets forth the current debt breakdown of our company and its subsidiaries by currency and interest rate type as of December 31, 2009:

Currency	Percentage of Total Debt[(1)]	Average Nominal Rate[(2)]	Average Adjusted Rate[(1)(3)]
U.S. dollars	30.2%	3.2%	2.6%
Mexican pesos	54.5%	6.6%	7.2%
Venezuelan bolivares	3.0%	18.9%	18.9%
Colombian pesos	4.6%	12.5%	12.5%
Argentine pesos	7.7%	21.6%	21.6%

(1) Includes the effect of derivative contracts held by us as of December 31, 2009, including cross currency swaps from Mexican pesos to U.S. dollars and U.S. dollar.
(2) Annual weighted average interest rate per currency as of December 31, 2009.
(3) Annual weighted average interest rate per currency as of December 31, 2009 after giving effect to interest rate swaps and cross currency swaps. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk."

Summary of Significant Debt Instruments

The following is a brief summary of our significant long-term indebtedness with restrictive covenants outstanding as of April 19, 2010:

4.625% Notes due 2020. On February 5, 2010, we issued 4.625% Senior Notes due on February 15, 2020, in an aggregate principal amount of US$ 500 million. The indenture imposes certain conditions upon a consolidation or merger by us and restricts the incurrence of liens and sale and leaseback transactions by us or our significant subsidiaries.

Bank Loans. As of December 31, 2009, we had a number of loans with individual banks in Mexican pesos, U.S. dollars and Argentine pesos, with an aggregate principal amount of Ps. 7,492 million. The bank loans denominated in Mexican pesos and U.S. dollars contain restrictions on liens, fundamental changes such as mergers and sale of certain assets. In addition, we are required to comply with a maximum net leverage ratio. As of December 31, 2009, our net leverage ratio was 0.3. Finally, there is a mandatory prepayment clause in which the lender has the option to require us to prepay such loans upon a change of control.

Mexican Peso-Denominated Bonds (Certificados Bursátiles). During March 2007, we established a program for the following *certificados bursátiles* in the Mexican securities markets:

Issue Date	Maturity	Amount	Rate
2007	March 2, 2012	Ps. 3,000 million	28-day TIIE[(1)] – 6 bps
2009	February 12, 2010	Ps. 2,000 million	28-day TIIE[(1)] + 80 bps

(1) TIIE means the *Tasa de Interés Interbancaria de Equilibrio* (the Equilibrium Interbank Interest Rate).

Our 2007 *certificados bursátiles* contain reporting obligations in which we will furnish to the bondholders, audited financial reports and consolidated financial reports.

We used part of the net proceeds from the sale of our 4.625% Senior Notes due 2020, to repay our Ps. 2,000 million (US$ 148 million) *certificados bursátiles*, which matured on February 25, 2010, and our Ps. 1,000 million (US$ 74 million) *certificados bursátiles*, which matured on April 16, 2010.

We are in compliance with all of our restrictive covenants as of April 19, 2010. A significant and prolonged deterioration in our consolidated results of operations could cause us to cease to be in compliance under certain indebtedness in the future. We can provide no assurances that we will be able to incur indebtedness or to refinance existing indebtedness on similar terms in the future.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements.

Contingencies

We are party to a number of tax, legal and labor proceedings that have arisen throughout the normal course of our business and which are common in the industry in which we operate.

We recognize a liability for a loss contingency when it is probable that certain effects related to past events would materialize and can be reasonably quantified. The following table presents in millions of Mexican pesos the nature and amount of the recorded loss contingencies as of December 31, 2009:

	Long-Term
Indirect tax	Ps. 1,084
Legal	1,182
Labor	201
Total	Ps. 2,467

We do not recognize an asset as a contingency gain until the gain is realized. When the risk of loss is deemed to be other than remote, but less than probable, according to a legal assessment, its financial impact is disclosed as loss contingencies in the notes of the consolidated financial statements. The estimated amount of the damages sought in these proceedings is Ps. 7,230 million. The ultimate resolution of such legal proceedings will not have a material adverse effect on our consolidated financial position or result of operations.

In recent years, our Mexican, Costa Rican and Brazilian subsidiaries have been required to submit certain information to relevant authorities regarding possible monopolistic practices. Such proceedings are a normal occurrence in the beverage industry and we do not expect any significant liability to arise from these contingencies.

As is customary in Brazil, we have been required by the tax authorities to collateralize tax contingencies currently in litigation amounting to Ps. 2,342 million and Ps. 1,853 million as of December 31, 2009 and 2008, respectively, by pledging fixed assets, or providing bank guarantees.

In connection with certain past business combinations, we have been indemnified by the sellers for certain contingencies.

Capital Expenditures

The following table sets forth our capital expenditures, including investment in property, plant and equipment, deferred charges and other investments for the periods indicated on a consolidated and by segment basis:

Consolidated Capital Expenditures

	Year ended December 31,		
	2009	2008	2007[1]
	(millions of Mexican pesos)		
Property, plant and equipment, deferred charges and other investments	Ps. 6,282	Ps. 4,802	Ps. 3,682

(1) Expressed in millions of constant Mexican pesos at December 31, 2007.

Capital Expenditures by Segment

	Year Ended December 31,		
	2009	2008	2007[1]
	(millions of Mexican pesos)		
Mexico	Ps. 2,710	Ps. 1,926	Ps. 1,945
Latincentro[2]	1,269	1,209	971
Venezuela	1,248	715	(9)
Mercosur[3]	1,055	952	775
Total	Ps. 6,282	Ps. 4,802	Ps. 3,682

(1) Expressed in millions of constant Mexican pesos at December 31, 2007.
(2) Includes Guatemala, Nicaragua, Costa Rica, Panama and Colombia.
(3) Includes Brazil and Argentina.

In 2009, we focused our capital expenditures on investments in (1) increasing plant operating capacity, (2) improving the efficiency of our distribution infrastructure, (3) placing coolers with retailers, (4) returnable bottles and cases and (5) information technology. Through these measures, we strive to improve our profit margins and overall profitability.

We have budgeted up to US$ 500 million for our capital expenditures in 2010. Our capital expenditures in 2010 are primarily intended for:

- investments in manufacturing lines;
- returnable bottles and cases;
- market investments (primarily for the placement of coolers);
- improvements throughout our distribution network; and
- investments in information technology.

We estimate that of our projected capital expenditures for 2010, approximately 45% will be for our Mexican territories and the remaining will be for our non-Mexican territories. We believe that internally generated funds will be sufficient to meet our budgeted capital expenditure for 2010. Our capital expenditure plan for 2010 may change based on market and other conditions and our results of operations and financial resources.

Historically, The Coca-Cola Company has contributed to our capital expenditure program. We generally utilize these contributions for initiatives that promote volume growth of *Coca-Cola* trademark beverages, including the placement of coolers with retailers. Such payments may result in a reduction in our selling expenses line. Contributions by The Coca-Cola Company are made on a discretionary basis. Although we believe that The Coca-Cola Company will make additional contributions in the future to assist our capital expenditure program based on

past practice and the benefits to The Coca-Cola Company as owner of the *Coca-Cola* brands from investments that support the strength of the brands in our territories, we can give no assurance that any such contributions will be made.

Hedging Activities

We hold or issue derivative instruments to hedge our exposure to market risks related to changes in interest rates, foreign currency exchange rates and commodity price risk. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk."

The following table provides a summary of the fair value of derivative instruments as of December 31, 2009. The fair market value is estimated using market prices that would apply to terminate the contracts at the end of the period and are confirmed by external sources, which are also our counterparties to the relevant contracts.

	Fair Value At December 31, 2009				
	Maturity less than 1 year	Maturity 1 – 3 years	Maturity 4 – 5 years	Maturity in excess of 5 years	Total fair value
	(millions of Mexican pesos)				
Interest Rate Swaps					
Mexican pesos	(2)	(62)	(28)	—	(92)
U.S. dollars	—	(30)	(11)	—	(41)
Cross Currency Swaps					
Mexican pesos to U.S. dollars	—	(354)	—	—	(354)
Commodity Hedge Contracts					
Sugar	96	38	—	—	134

U.S. GAAP Reconciliation

The principal differences between Mexican Financial Reporting Standards and U.S. GAAP that affect our net income and equity are explained in Note 26 to our consolidated financial statements and primarily relate to the accounting and disclosure for:

- restatement of prior year financial statements;
- classification differences;
- deferred promotional expenses;
- intangible assets;
- restatement of imported equipment;
- capitalization of comprehensive financing result;
- fair value financial instruments;
- deferred income tax, employee profit sharing and uncertain tax positions;
- employee benefits;
- non-controlling interest acquisition in Colombia; and

- statement of cash flows.

A more detailed description of the differences between Mexican Financial Reporting Standards and U.S. GAAP as they relate to us and a reconciliation of net income and shareholders' equity under Mexican Financial Reporting Standards to net income and equity under U.S. GAAP are contained in Notes 26 and 27 to our consolidated financial statements.

Pursuant to Mexican Financial Reporting Standards, our consolidated financial statements recognize effects of inflation in accordance with Bulletin B-10. These effects were not reversed in the reconciliation to U.S. GAAP.

Under U.S. GAAP, we had consolidated net income of Ps. 8,853 million in 2009, Ps. 5,802 million in 2008 and Ps. 6,953 million in 2007. Consolidated net income as reconciled to U.S. GAAP was lower than consolidated net income as reported under Mexican Financial Reporting Standards by Ps. 117 million in 2009, Ps. 24 million in 2008 and lower by Ps. 150 million in 2007.

Equity under U.S. GAAP was Ps. 66,037 million, Ps. 56,468 million and Ps. 51,125 million in 2009, 2008, and 2007, respectively. Compared to shareholders' equity under Mexican Financial Reporting Standards, equity under U.S. GAAP was lower by Ps. 2,435 million, lower by Ps. 1,148 million and higher by Ps. 344 million in 2009, 2008 and 2007, respectively.

Item 6. Directors, Senior Management and Employees

Directors

Management of our business is vested in our board of directors and in our chief executive officer. Our bylaws provide that our board of directors will consist of eighteen directors elected at the annual ordinary shareholders meeting for renewable terms of one year. Our board of directors currently consists of 18 directors and 17 alternate directors. The directors are elected as follows: 11 directors and their respective alternate directors are elected by holders of the Series A Shares voting as a class; 4 directors and their respective alternate directors are elected by holders of the Series D Shares voting as a class; and 3 directors and their respective alternate directors are elected by holders of the Series L Shares voting as a class. Directors may only be elected by a majority of shareholders of the appropriate series, voting as a class.

In accordance with our bylaws and article 24 of the Mexican Securities Market Law, at least 25% of the members of our board of directors must be independent (as defined by the Mexican Securities Market Law).

In addition, shareholders holding duly paid Series B Shares or any duly paid limited voting shares that did not vote in favor of the directors elected, either individually or acting together with other dissenting shareholders of any series, are entitled to elect one additional director and the corresponding alternate director for each 10% of our outstanding capital stock held by such individual or group and to remove one director and the corresponding alternate. The board of directors may designate interim directors in the case that a director is absent or an elected director and corresponding alternate are unable to serve; the interim directors serve until the next shareholders meeting, at which the shareholders elect a replacement.

Our bylaws provide that the board of directors shall meet at least four times a year. Since our major shareholders amended their Shareholders Agreement in February 2010, our bylaws were modified accordingly establishing that actions by the board of directors must be approved by at least a majority of the directors present and voting, except under certain limited circumstances which must include the favorable vote of at least two directors elected by the Series D Shares. See “Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—The Shareholders Agreement.” The chairman of the board of directors, the chairman of our audit or corporate practices committee, or at least 25% of our directors may call a board of directors’ meeting to include matters in the meeting agenda.

See “Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions” for information on relationships with certain directors and senior management.

As of April 14, 2010, our board of directors had the following members:

Series A Directors

José Antonio Fernández Carbajal *Chairman*	Born:	February 1954
	First elected:	1993, as director; 2001 as chairman
	Term expires:	2011
	Principal occupation:	Chief Executive Officer, FEMSA.
	Other directorships:	Chairman of the board of directors of FEMSA. Vice-Chairman of the board of directors of Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM). Member of the boards of directors of Grupo Financiero BBVA Bancomer (BBVA Bancomer); Industrias Peñoles, S.A.B. de C.V. (Peñoles); Grupo Industrial Bimbo, S.A.B. de C.V. (Bimbo); Grupo Televisa S.A.B. (Televisa); Controladora Vuela Compañia de Aviación, S.A. de C.V. (Volaris); and Cemex, S.A.B. de C.V. (Cemex).
	Business experience:	Joined FEMSA's strategic planning department in 1987; held managerial positions at FEMSA Cerveza's Commercial Division and the Oxxo Retail Chain. Appointed Chief Executive Officer of FEMSA in 1995.
	Education:	Holds a degree in Industrial Engineering and a Masters in Business Administration (MBA) from ITESM.
	Alternate director:	Alfredo Livas Cantú
Alfonso Garza Garza[(1)] *Director*	Born:	July 1962
	First elected:	1996
	Term expires:	2011
	Principal occupation:	Chief Human Resources Procurement and Technology Information Officer, FEMSA.
	Business experience:	Has experience in several FEMSA business units and departments, including domestic sales, international sales, procurement and marketing, mainly at FEMSA Empaques, S.A. de C.V., or FEMSA Empaques, and FEMSA Cerveza, and was Chief Executive Officer of FEMSA Empaques.
	Education:	Holds a degree in Industrial Engineering from ITESM and an MBA from Instituto Panamericano de Alta Dirección de Empresa (IPADE).
	Alternate director:	Eva María Garza Lagüera Gonda[(2)]

Series A Directors

José Luis Cutrale *Director*	Born:	September 1946
	First elected:	2004
	Term expires:	2011
	Principal occupation:	Chief Executive Officer of Sucocítrico Cutrale.
	Other directorships:	Member of the boards of directors of Cutrale North America, Cutrale Citrus Juice, and Citrus Products.
	Business experience:	Founding partner of Sucocitrico Cutrale and member of ABECITRUS (the Brazilian Association of Citrus Exporters) and CDES (the Brazilian Government's Counsel for Economic and Social Development).
	Alternate director :	José Luis Cutrale, Jr.
Carlos Salazar Lomelín *Director*	Born:	April 1951
	First elected:	2001
	Term expires:	2011
	Principal occupation:	Chief Executive Officer, Coca-Cola FEMSA.
	Other directorships:	Member of the board of directors of BBVA Bancomer and some of its particular financial entities, such as its bank, pension fund management and insurance company. Also, member of the counselor board of Centro Internacional de Negocios Monterrey A.C. (CINTERMEX), APEX and the Eugenio Garza Sada Award.
	Business experience:	Has held managerial positions within FEMSA, including Grafo Regia S.A. de C.V. and Plásticos Técnicos Mexicanos S.A. de C.V. Served as Chief Executive Officer of FEMSA Cerveza until 2000.
	Education:	Holds a degree in Economics from ITESM, a graduate degree in Economic Development in Italy from the Instituto di Studio per lo Sviluppo Economico Milano e Napoli and an MBA from ITESM.
	Alternate director:	Max Michel Suberville
Ricardo Guajardo Touché *Director*	Born:	May 1948
	First elected:	1993
	Term expires:	2011
	Principal occupation:	President of SOLFI, S.A.
	Other directorships:	Member of the boards of directors of Valores de Monterrey, S.A. de C.V. (Valores de Monterrey), BBVA Bancomer, Bimbo, El Puerto de Liverpool, Grupo Industrial Alfa (Alfa), Grupo Aeroportuario del Sureste, S.A. de C.V. (ASUR), Grupo Coppel and FEMSA.

Series A Directors

	Business experience:	Has held senior executive positions in FEMSA, Grupo AXA, S.A. de C.V. (Grupo AXA) and Valores de Monterrey.
	Education:	Holds degrees in Electrical Engineering from ITESM and the University of Wisconsin and a Masters degree from the University of California, Berkeley.
	Alternate director:	Eduardo Padilla Silva
Paulina Garza Lagüera Gonda[3]	Born:	March 1972
Director	First elected:	2009
	Term expires:	2011
	Business experience:	Private investor
	Other directorships:	Alternate director of the board of directors of FEMSA.
	Education:	Holds a Business Administration degree from ITESM.
	Alternate director:	Mariana Garza Lagüera Gonda[3]
Federico Reyes García	Born:	September 1945
Director	First elected:	1993
	Term expires:	2011
	Principal occupation:	Corporate Development Officer of FEMSA.
	Business experience:	Served as Vice President of Finance and Corporate Development of FEMSA, Director of Corporate Staff at Grupo AXA, a major manufacturer of electrical equipment, and Chairman of the board of directors of Valores de Monterrey. Has extensive experience in the insurance sector.
	Other directorships:	Alternate director of the board of directors of Bimbo.
	Education:	Holds a degree in Business and Finance from ITESM.
	Alternate director:	Alejandro Bailleres Gual
Javier Astaburuaga Sanjines	Born:	July 1959
Director	First elected:	2006
	Term expires:	2011
	Principal occupation:	Chief Financial and Strategic Development Officer of FEMSA.
	Business experience:	Joined FEMSA as a financial information analyst and later acquired experience in corporate development, administration and finance, held various senior positions at FEMSA Cerveza between 1993 and 2001, including Chief Financial Officer and Director of Sales for the north region of Mexico. Prior to his current position, was FEMSA Cerveza's Co-Chief Executive Officer.
	Education:	Holds a degree in Accounting from ITESM.
	Alternate director:	Francisco José Calderón Rojas

Series A Directors

Alfonso González Migoya *Independent Director*	Born:	January 1945
	First elected:	2006
	Term expires:	2011
	Principal occupation:	Chairman of the board of directors and Chief Executive Officer of Grupo Industrial Saltillo, S.A.B. de C.V.
	Other directorships:	Member of the board of directors of several Mexican companies, including Banco Regional de Monterrey, S.A., Ecko, S.A., and Berel, S.A.
	Business experience:	Served from 1995 until 2005 as Corporate Director of Alfa.
	Education:	Holds a degree in Mechanical Engineering from ITESM and an MBA from the Stanford Graduate School of Business.
	Alternate director:	Francisco Garza Zambrano
Daniel Servitje Montull *Independent Director*	Born:	April 1959
	First elected:	1998
	Term expires:	2011
	Principal occupation:	Chief Executive Officer, Bimbo.
	Other directorships:	Member of the boards of directors of Banco Nacional de Mexico and Bimbo.
	Business experience:	Served as Vice President of Bimbo.
	Education:	Holds a degree in Business from the Universidad Iberoamericana in Mexico and an MBA from the Stanford Graduate School of Business.
	Alternate director:	Sergio Deschamps Ebergenyi
Enrique F. Senior Hernández *Director*	Born:	August 1943
	First elected:	2004
	Term expires:	2011
	Principal occupation:	Managing Director of Allen & Company.
	Other directorship:	Member of the boards of directors of Televisa and Cinemark Corp.
	Business experience:	Among other clients, has provided financial advisory services to FEMSA and Coca-Cola FEMSA.
	Alternate director:	Herbert Allen III

Series D Directors

Gary Fayard *Director*	Born:	April 1952
	First elected:	2003
	Term expires:	2011
	Principal occupation:	Chief Financial Officer, The Coca-Cola Company.
	Other directorships:	Member of the boards of directors of Coca-Cola Enterprises and Coca-Cola Sabco.
	Business experience:	Senior Vice President of The Coca-Cola Company and former Partner of Ernst & Young.
	Education:	Holds a degree from the University of Alabama and is licensed as a Certified Public Accountant (CPA).
	Alternate director:	David Taggart
Irial Finan *Director*	Born:	June 1957
	First elected:	2004
	Term expires:	2011
	Principal occupation:	President of Bottling Investments Group and Supply Chain, The Coca-Cola Company.
	Other directorships:	Member of the boards of directors of Coca-Cola Enterprises, Coca-Cola Amatil and Coca-Cola Hellenic.
	Business experience:	Chief Executive Officer of Coca-Cola Hellenic. Has experience in several Coca-Cola bottlers, mainly in Europe.
	Education:	Holds a Bachelor's degree from National University of Ireland.
	Alternate director:	Marie Quintero-Johnson
Charles H. McTier *Independent Director*	Born:	January 1939
	First elected:	1998
	Term expires:	2011
	Principal occupation:	Trustee, Robert W. Woodruff Foundation.
	Other directorships:	Member of the boards of directors of AGL Resources.
	Business experience:	Served as a President of Robert W. Woodruff Foundation during the period 1971-2007 and on the board of directors of nine U.S. Coca-Cola bottling companies in the 1970s and 1980s.
	Education:	Holds a degree in Business Administration from Emory University.

Series D Directors

Bárbara Garza Lagüera Gonda[3] *Director*	Born:	December 1959
	First elected:	2009
	Term expires:	2011
	Principal occupation:	Private investor
	Business experience:	Former president/Chief Executive Officer of Alternativas Pacíficas, A.C. (a non-profit organization).
	Education:	Holds a Business Administration degree from ITESM.
	Alternate director:	Geoffrey J. Kelley

Series L Directors

Alexis E. Rovzar de la Torre *Independent Director*	Born:	July 1951
	First elected:	1993
	Term expires:	2011
	Principal occupation:	Executive partner, White & Case, S.C.
	Other directorships:	Member of the boards of directors of FEMSA (chairman of its audit committee), Bank of Nova Scotia, Bimbo and Grupo ACIR.
	Business experience:	Expert in private and public mergers and acquisitions as well as other aspects of financial law and has been advisor to many companies on international business and joint venture transactions.
	Education:	Holds a Law degree from Universidad Nacional Autónoma de México (UNAM).
	Alternate director:	Arturo Estrada Treanor
José Manuel Canal Hernando *Independent Director*	Born:	February 1940
	First elected:	2003
	Term expires:	2011
	Principal occupation:	Private consultant.
	Other directorships:	Member of the board of directors of FEMSA, BBVA Bancomer, Banco Compartamos, S.A., ALSEA, S.A.B. de C.V., Kuo, Consorcio Comex and Grupo Proa.
	Business experience:	Former managing partner at Ruiz, Urquiza y Cía, S.C. from 1981 to 1999, acted as our statutory examiner from 1984 to 2002, presided in the Committee of Surveillance of the Mexican Institute of Finance Executives, has participated in several commissions at the Mexican Institute of Public Accountants and has extensive experience in financial auditing for holding companies, banks and financial brokers.
	Education:	Holds a Public Accounting degree from UNAM.
	Alternate director:	Helmut Paul

Series L Directors

Francisco Zambrano Rodríguez *Independent Director*	Born:	January 1953
	First elected:	2003
	Term expires:	2011
	Principal occupation:	Chief Executive Officer of Desarrollo de Fondos Inmobiliarios S.A. de C.V. (DFI) and Vice-president of Desarrollo Inmobiliarios y de Valores, S.A. de C.V. (DIV).
	Other directorships:	Member of the boards of directors of several Mexican companies, including DFI, DIV and Grupo Quinta Real, S.A. de C.V.
	Business experience:	Has extensive experience in investment banking and private investment services in México.
	Education:	Holds a degree in Chemical Engineering from ITESM and an MBA from The University of Texas at Austin.
	Alternate director:	Karl Frei Buechi

(1) Cousin of Eva María Garza Lagüera Gonda, Paulina Garza Lagüera Gonda, Mariana Garza Lagüera Gonda and Bárbara Garza Lagüera Gonda.
(2) Wife of José Antonio Fernández Carbajal.
(3) Sister of Eva Maria Garza Lagüera Gonda and sister-in-law of José Antonio Fernández Carbajal.

The secretary of the board of directors is Carlos Eduardo Aldrete Ancira and the alternate secretary of the board of directors is Carlos Luis Díaz Sáenz.

In June 2004, a group of Brazilian investors, among them José Luis Cutrale, a member of our board of directors, made a capital contribution equivalent to approximately US$50 million to our Brazilian operations in exchange for approximately 16.9% equity stake in these operations. We have entered into an agreement with Mr. Cutrale pursuant to which he was invited to serve as a director of our company. The agreement also provides for a right of first offer on transfers by the investors, tag-along and drag-along rights and certain rights upon a change of control of either party, with respect to our Brazilian operations.

Executive Officers

The following are the principal executive officers of our company:

Carlos Salazar Lomelín[(1)] *Chief Executive Officer*	Born: Joined: Appointed to current position:	April 1951 2000 2000
Héctor Treviño Gutiérrez *Chief Financial and Administrative Officer*	Born: Joined: Appointed to current position: Business experience with us: Other business experience: Education:	August 1956 1993 1993 Headed the Corporate Development department. At FEMSA, was in charge of International Financing, served as General Manager of Financial Planning, General Manager of Strategic Planning and General Manager of Business Development. Holds a degree in Chemical and Administrative Engineering from ITESM and an MBA from the Wharton School of Business.
Rafael Alberto Suárez Olaguibel *Chief Operating Officer – Latincentro*	Born: Joined: Appointed to current position: Business experience with us: Other business experience: Education:	April 1960 1986 2007 Has held several director positions with us, including Commercial Planning and Strategic Development Officer and Chief Operating Officer in Mexico and Argentina. Also served as Distribution and Marketing Director for the Valley of Mexico and Corporate Planning Manager of FEMSA's sparkling beverages division. Has worked in the Administrative, Distribution and Marketing departments of The Coca-Cola Export Company. Holds a degree in Economics from ITESM and an MBA-ONE from ITESM and the partner schools from each continent.
Alejandro Duncan *Technical Officer*	Born: Joined: Appointed to current position: Business experience with us: Other business experience:	May 1957 1995 2002 Infrastructure Planning Director of Mexico. Has undertaken responsibilities in different production, logistics, engineering, project planning and manufacturing departments of FEMSA and was a Plant Manager in central Mexico and Manufacturing Director in Buenos Aires.

	Education:	Holds a degree in Mechanical Engineering from ITESM and an MBA from the Universidad de Monterrey.
Eulalio Cerda Delgadillo *Human Resources Officer*	Born: Joined: Appointed to current position: Business experience with us:	July 1958 1996 2001 Manager, positions in several departments, including maintenance, projects, packaging and human resources.
	Other business experience:	At FEMSA Cerveza, served as New Projects Executive and worked in several departments including marketing, maintenance, packaging, bottling, human resources, technical development and projects.
	Education:	Holds a degree in Mechanical Engineering from ITESM.
John Anthony Santa María Otazúa *Commercial Planning and Strategic Development Officer*	Born: Joined: Appointed to current position: Business experience with us:	August 1957 1995 2009 Has served as Strategic Planning and Business Development Officer and Chief Operating Officer of Mexican operations. He has experience in several areas of the company, namely development of new products and mergers and acquisitions.
	Other business experience:	Has experience with different bottler companies in Mexico in areas such as Strategic Planning and General Management.
	Education:	Holds a degree in Business Administration and an MBA with a major in Finance from Southern Methodist University.
Ernesto Silva Almaguer *Chief Operating Officer – Mexico*	Born: Joined: Appointed to current position: Business experience with us:	March 1953 1996 2009 Has served as Chief Operating Officer – Mercosur in Buenos Aires and New Business Development and Information Technology Director.
	Other business experience:	Has worked as General Director of packaging subsidiaries of FEMSA (Fábricas de Monterrey, S.A. de C.V. and Quimiproductos), served as Vice President of International Sales at FEMSA Empaques and Manager of FEMSA's Corporate Planning and held several positions at Alfa.

	Education:	Holds a degree in Mechanical and Administrative Engineering from Universidad Autónoma de Nuevo León and an MBA from The University of Texas at Austin.
Miguel Angel Peirano	Born:	March 1959
Chief Operating Officer – Mercosur	Joined:	1997
	Appointed to current position:	2009
	Business experience with us:	Strategic Planning Officer-Argentina, Manufacturing Officer-Argentina, Commercial Officer-Argentina and Chief Operating Officer-Argentina.
	Other business experience:	Chief Operating Officer in FEMSA Cerveza Brazil and Senior Project Manager / Associate at McKinsey & Co.
	Education:	Holds a degree in Electronic Engineering from the Technological Institute of Buenos Aires, holds the McKinsey MBA and completed the General Manager Program at Harvard Business School.
Hermilo Zuart Ruíz[(2)]	Born:	March 1949
Strategic Supply Officer	Joined:	1992
	Appointed to current position:	2010
	Business experience with us:	Former New Business Officer, Chief Operating Officer in the Latincentro division, Chief Operating Officer in the Valley of Mexico and Chief Operating Officer in the Southeast Mexico.
	Other business experience:	Has undertaken several responsibilities in the manufacturing, commercialization, planning and administrative areas of FEMSA: Franquicias Officer, mainly in charge of Mundet products.
	Education:	Holds a degree in Public Accounting from UNAM and completed a graduate course in Business Management from IPADE.
Juan Ramón Felix[(3)]	Born:	December 1961
New Business Officer	Joined:	1997
	Appointed to current position:	2010
	Business experience with us:	Former Commercial Director in Mexico, Commercial Development Director in Brazil, Commercial Director for the Bajío division in Mexico, Commercial Director for the southeast in Mexico, Logistics Director and Sales Manager of the Valley of Mexico.

	Other business experience:	Has worked as the Franchises Director at Cadbury Beverages, several positions in sales and operating areas in Cadbury Aguas Minerales and MFG Supervisor at Procter & Gamble.
	Education:	Holds a degree in Industrial and Systems Engineering from ITESM and an MBA from The Garvin School of International Management/ITESM.
Carlos L. Díaz Sáenz	Born:	January 1960
General Counsel	Joined:	2007
	Appointed to current position:	2007
	Other business experience:	Has worked as General Counsel of Copamex, S.A. de C.V., International Legal Manager of Cervecería Cuahutémoc Moctezuma and FEMSA Servicios.
	Education:	Holds a degree in Law from Universidad de Monterrey and completed a graduate course in Business Management from IPADE.

(1) See "—Directors."
(2) Appointment effective January 2010.
(3) Appointment effective January 2010.

Until the end of 2009, our vice president was Ernesto Torres Arriaga. Mr. Torres continues to receive a compensatory fee for providing advisory services. Our current Strategic Supply Officer, Hermilo Zuart Ruíz, performs Mr. Torres Arriaga's former function, as of January 1, 2010.

Compensation of Directors and Officers

For the year ended December 31, 2009, the aggregate compensation of all of our executive officers paid or accrued for services in all capacities was approximately Ps. 222 million. The aggregate compensation amount includes approximately Ps. 127 million of cash bonus awards and bonuses paid to certain of our executive officers pursuant to our incentive plan for stock purchases. See "—EVA-Based Bonus Program."

The aggregate compensation for directors during 2009 was Ps. 8 million. For each meeting attended we paid US$ 10,000 to each director with foreign residence and US$ 6,500 to each director with residence in Mexico in 2009. We paid US$ 3,500 to each of the members of the Audit Committee per each meeting attended, and we paid US$ 2,500 per meeting attended to each of the members of the Finance and Planning and the Corporate Practices Committees.

Our senior management and executive officers participate in our benefit plans on the same basis as our other employees. Members of our board of directors do not participate in our benefit plans. As of December 31, 2009, amounts accrued for all employees under these pension and retirement plans were Ps. 1,424 million, of which Ps. 727 million is already funded.

EVA-Based Bonus Program

Our bonus program for executives is based on meeting certain goals established annually by management, which include quantitative and qualitative objectives as well as the completion of special projects.

Approximately 50% of the bonus is based on quantitative objectives determined by the Economic Value Added, or EVA, methodology. The objectives established for executives is based on a combination of the EVA generated by us and FEMSA on a consolidated basis, calculated at approximately 70% and 30%, respectively. Qualitative objectives and special projects represent the remaining 50% of the annual bonus and are based on the critical success factors established at the beginning of the year for each executive.

In addition, we provide a defined contribution plan of share compensation to certain key executives, consisting of an annual cash bonus to purchase FEMSA shares or options, based on the executive's responsibility in the organization, the EVA result achieved by the business unit that the executive works within, and the executive's individual performance. The acquired shares or options are deposited in a trust, and executives may access them one year after they are vested at 20% per year. Fifty percent of our annual executive bonus is permitted to be used to purchase FEMSA shares or options and the remaining 50% to purchase our shares or options. As of December 31, 2009, 2008 and 2007, no options have been granted to employees.

The incentive plan target is expressed in months of salary, and the final amount payable is computed based on a percentage of the completion of goals established each year. The bonuses are recorded as income from operations and are paid in cash for the acquisition of shares of the trust the following year. During the years ended December 31, 2009, 2008 and 2007, the bonus expense recorded amounted to Ps. 630 million, Ps.525 million and Ps.526 million, respectively.

Share Ownership

As of March 1, 2010, several of our directors and alternate directors serve on the technical committee as trust participants under the Irrevocable Trust No. 463 established at INVEX, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, as Trustee, which is the owner of 74.86% of the voting stock of FEMSA, which in turn owns 53.73% of our outstanding capital stock. As a result of the technical committee's internal procedures, the technical committee as a whole is deemed to have beneficial ownership with sole voting power of all the shares deposited in the voting trust, and the trust participants, as technical committee members, are deemed to have beneficial ownership with shared voting power over those same deposited shares. These directors and alternate directors are Alfonso Garza Garza, Paulina Garza de Marroquín, Bárbara Garza Gonda de Braniff, Mariana Garza de Treviño, Max Michel Suberville and Eva Garza de Fernández. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders." Our Honorary (non-voting) Life chairman Eugenio Garza Lagüera was a trust participant and technical committee member before he passed away in May 2008. None of our other directors, alternate directors or executive officers is the beneficial owner of more than 1% of any class of our capital stock.

Board Practices

Our bylaws state that the board of directors will meet at least four times a year to discuss our operating results and progress in achieving strategic objectives. It is the practice of our board of directors to meet following the end of each quarter. Our board of directors can also hold extraordinary meetings. See "Item 10. Additional Information—Bylaws."

Under our bylaws, directors serve one-year terms although they continue in office for up to 30 days until successors are appointed. If no successor is appointed during this period, the board of directors may appoint interim members, which will be ratified or substituted at the next shareholders' meeting after such event occurs. None of the members of our board of directors or senior management of our subsidiaries has service agreements providing for benefits upon termination of employment.

Our board of directors is supported by committees, which are working groups that analyze issues and provide recommendations to the board of directors regarding their respective areas of focus. The executive officers interact periodically with the committees to address management issues. The following are the three committees of the board of directors:

Finance and Planning Committee. The Finance and Planning Committee works with management to set annual and long-term strategic and financial plans of the company and monitors adherence to these plans. It is responsible for setting our optimal capital structure and recommends the appropriate level of borrowing as well as

the issuance of securities. Financial risk management is another responsibility of the Finance and Planning Committee. Irial Finan is the chairman of the Finance and Planning Committee. The additional members include: Javier Astaburuaga Sanjines, Federico Reyes García, Ricardo Guajardo Touché and Enrique Senior Hernández. The secretary of the Finance and Planning Committee is Héctor Treviño Gutiérrez, our Chief Financial Officer.

Audit Committee. The Audit Committee is responsible for reviewing the accuracy and integrity of quarterly and annual financial statements in accordance with accounting, internal control and auditing requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent auditor, who reports directly to the Audit Committee. The Audit Committee has implemented procedures for receiving, retaining and addressing complaints regarding accounting, internal control and auditing matters, including the submission of confidential, anonymous complaints from employees regarding questionable accounting or auditing matters. To carry out its duties, the Audit Committee may hire independent counsel and other advisors. As necessary, the company compensates the independent auditor and any outside advisor hired by the Audit Committee and provides funding for ordinary administrative expenses incurred by the Audit Committee in the course of its duties. Alexis E. Rovzar de la Torre is the chairman of the Audit Committee. The additional members are: Alfonso González Migoya, Charles H. McTier, José Manuel Canal Hernando, who is our "audit committee financial expert" within the meaning of Item 16A, and Francisco Zambrano Rodríguez. Each member of the Audit Committee is an independent director, as required by the Mexican Securities Market Law and applicable New York Stock Exchange listing standards. The secretary of the Audit Committee, who is not a member, is José González Ornelas, head of FEMSA's auditing and operating control area.

Corporate Practices Committee. The Corporate Practices Committee, which consists of exclusively of independent directors, is responsible for preventing or reducing the risk of performing operations that could damage the value of our company or that benefit a particular group of shareholders. The committee may call a shareholders' meeting and include matters on the agenda for that meeting that it deems appropriate, elaborate policies on the use of our company's assets or related party transactions, elaborate the compensation plan of the chief executive officer and relevant officers, all of which are submitted to our board of directors for approval, and support our board of directors in the elaboration of related reports. The chairman of the Corporate Practices Committee is Daniel Servitje Montul. The additional members include: Helmut Paul and Karl Frei Buechi. The secretaries of the Corporate Practices Committee are Gary Fayard and Alfonso Garza Garza, head of human resources at FEMSA.

Employees

As of December 31, 2009, our headcount was as follows: 28,214 in Mexico, 13,758 in Latincentro, 8,176 in Venezuela and 17,278 in Mercosur. In the headcount we include the employees of third party distributors who we do not consider to be our employees, but who mainly work for us. The table below sets forth headcount by category for the periods indicated:

	As of December 31,		
	2009	**2008**	**2007**
Executives	708	514	484
Non-union	17,633	16,262	16,122
Union	31,692	30,177	25,427
Employees of third party distributors	17,393	18,068	16,089
Total	67,426	65,021	58,122

As of December 31, 2009, approximately 47% of our employees, most of whom were employed in Mexico, were members of labor unions. We had 102 separate collective bargaining agreements with 48 labor unions. In general, we have a good relationship with the labor unions throughout our operations, except in Colombia and Venezuela, which are or have been the subjects of significant labor-related litigation. See "Item 8. Financial Information—Consolidated Statements and Other Financial Information" and "Item 8. Financial Information—Legal Proceedings." We believe we have appropriate reserves for these litigation proceedings and do not currently expect them to have a material adverse effect.

Insurance Policies

We maintain insurance policies for all employees. These policies mitigate the risk of having to pay death benefits in the event of an industrial accident. We maintain directors' and officers' insurance policies covering all directors and certain key executive officers for liabilities incurred in their capacities as directors and officers.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

Our capital stock consists of three classes of securities: Series A Shares held by FEMSA, Series D Shares held by The Coca-Cola Company and Series L Shares held by the public. The following table sets forth our major shareholders as of March 1, 2010:

Owner	Outstanding Capital Stock	Percentage Ownership of Outstanding Capital Stock	Percentage of Voting Rights
FEMSA (Series A Shares)[1]	992,078,519	53.7%	63.0%
The Coca-Cola Company (Series D Shares)[2]	583,545,678	31.6%	37.0%
Public (Series L Shares)[3]	270,906,004	14.7%	—
Total	1,846,530,201	100.0%	100.0%

(1) FEMSA owns these shares through its wholly-owned subsidiary Compañía Internacional de Bebidas, S.A. de C.V., which we refer to in this annual report as CIBSA. 74.86% of the voting stock of FEMSA is owned by the technical committee and trust participants under Irrevocable Trust No. 463 established at Banco Invex, S.A. Institución de Banca Múltiple, Invex Grupo Financiero, as Trustee. As a consequence of the voting trust's internal procedures, the following trust participants are deemed to have beneficial ownership with shared voting power of the shares deposited in the voting trust: BBVA Bancomer Servicios, S.A., as Trustee under Trust No. F/25078-7 (controlled by Max Michel Suberville), Paulina Garza Lagüera Gonda, Bárbara Garza Lagüera Gonda, Mariana Garza Lagüera Gonda, Eva Gonda Rivera, Eva Maria Garza Lagüera Gonda, Consuelo Garza Lagüera de Garza, Alfonso Garza Garza, Patricio Garza Garza, Juan Carlos Garza Garza, Eduardo Garza Garza, Eugenio Garza Garza, Alberto Bailleres Gonzalez, Maria Teresa Gual Aspe de Bailleres, Inversiones Bursátiles Industriales, S.A. de C.V. (controlled by the Garza Lagüera family), Corbal, S.A. de C.V. (controlled by Alberto Bailleres González), Magdalena Michel de David, Alepage, S.A. (controlled by Consuelo Garza Lagüera), BBVA Bancomer Servicios, S.A. as Trustee under Trust No. F/29013-0 (controlled by the estate of José Calderón Ayala, late father of José Calderón Rojas), Max Michel Suberville, Max David Michel, Juan David Michel, Monique David de VanLathem, Renee Michel de Guichard, Magdalena Guichard Michel, Rene Guichard Michel, Miguel Guichard Michel, Graciano Guichard Michel, Juan Guichard Michel, Franca Servicios, S.A. de C.V. (controlled by the estate of José Calderón Ayala, late father of José Calderón Rojas), BBVA Bancomer Servicios, S.A., as Trustee under Trust No. F/29490-0 (controlled by Alberto, Susana and Cecilia Bailleres), BBVA Bancomer Servicios, S.A., as Trustee under Trust No. F/710004 (controlled by Magdalena Michel de David) and BBVA Bancomer Servicios, S.A., as Trustee under Trust No. F/700005 (controlled by Renee Michel de Guichard).

(2) The Coca-Cola Company indirectly owns these shares through its wholly-owned subsidiaries, The Inmex Corporation and Dulux CBAI 2003 B.V.

(3) Holders of Series L Shares are only entitled to vote in limited circumstances. See "Item 10. Additional Information—Bylaws." Holders of ADSs are entitled, subject to certain exceptions, to instruct The Bank of New York, a depositary, as to the exercise of the limited voting rights pertaining to the Series L Shares underlying their ADSs.

Our Series A Shares, owned by FEMSA, are held in Mexico and our Series D Shares, owned by The Coca-Cola Company, are held outside of Mexico.

As of December 31, 2009, there were 23,073,829 of our ADSs outstanding, each ADS representing ten Series L Shares. Approximately 85.17% of our outstanding Series L Shares were represented by ADSs. As of April 30, 2010, approximately 84.13% of our outstanding Series L Shares were represented by ADSs, held by approximately 367 holders (including The Depositary Trust Company) with registered addresses outside of Mexico.

The Shareholders Agreement

We operate pursuant to a shareholders agreement among two subsidiaries of FEMSA, The Coca-Cola Company and certain of its subsidiaries. This agreement, together with our bylaws, sets forth the basic rules under which we operate.

In February 2010, our main shareholders, FEMSA and The Coca-Cola Company, amended the shareholders agreement, and our bylaws were amended accordingly. The amendment mainly relates to changes in the voting requirements for decisions on: (1) ordinary operations within an annual business plan and (2) appointment of the chief executive officer and all officers reporting to him, all of which now may be taken by the board of directors by simple majority voting. Also, the amendment provides that payment of dividends, up to an amount equivalent to 20% of the preceding years' accumulated net income, may be approved by a simple majority of the shareholders. Any decision on extraordinary matters, as they are defined by our bylaws and which include any new business acquisition, business combinations or any change in the existing line of business, among other things, shall require the approval of the majority of the members of the board of directors, with the vote of two of the members appointed by The Coca-Cola Company. Also, any decision related to such extraordinary matters or any payment of dividends above 20% of the preceding years' accumulated net income shall require the approval of a majority of shareholders of each of Series A and Series D Shares voting together as a single class.

Under our bylaws, our Series A Shares and Series D Shares are the only shares with full voting rights and, therefore, control actions by our shareholders.

The shareholders agreement sets forth the principal shareholders' understanding as to the effect of adverse actions of The Coca-Cola Company under the bottler agreements. Our bylaws provide that a majority of the directors appointed by the holders of Series A Shares, upon making a reasonable, good faith determination that any action of The Coca-Cola Company under any bottler agreement between The Coca-Cola Company and our company or any of our subsidiaries is materially adverse to our business interests and that The Coca-Cola Company has failed to cure such action within 60 days of notice, may declare a simple majority period at any time within 90 days after giving notice. During the "simple majority period," as defined in our bylaws, certain decisions, namely the approval of material changes in our business plans, the introduction of a new, or termination of an existing, line of business, and related party transactions outside the ordinary course of business, to the extent the presence and approval of at least two Series D directors would otherwise be required, can be made by a simple majority vote of our entire board of directors, without requiring the presence or approval of any Series D director. A majority of the Series A directors may terminate a simple majority period but, once having done so, cannot declare another simple majority period for one year after the termination. If a simple majority period persists for one year or more, the provisions of the shareholders agreement for resolution of irreconcilable differences may be triggered, with the consequences outlined in the following paragraph.

In addition to the rights of first refusal provided for in our bylaws regarding proposed transfers of Series A Shares or Series D Shares, the shareholders agreement contemplates three circumstances under which one principal shareholder may purchase the interest of the other in our company: (1) a change in control in a principal shareholder, (2) the existence of irreconcilable differences between the principal shareholders or (3) the occurrence of certain specified defaults.

In the event that (1) one of the principal shareholders buys the other's interest in our company in any of the circumstances described above or (2) the ownership of our shares of capital stock other than the Series L Shares of the subsidiaries of The Coca-Cola Company or FEMSA is reduced below 20% and upon the request of the shareholder whose interest is not so reduced, the shareholders agreement requires that our bylaws be amended to eliminate all share transfer restrictions and all special-majority voting and quorum requirements, after which the shareholders agreement would terminate.

The shareholders agreement also contains provisions relating to the principal shareholders' understanding as to our growth. It states that it is The Coca-Cola Company's intention that we will be viewed as one of a small number of its "anchor" bottlers in Latin America. In particular, the parties agree that it is desirable that we expand by acquiring additional bottler territories in Mexico and other Latin American countries in the event any become available through horizontal growth. In addition, The Coca-Cola Company has agreed, subject to a number of conditions, that if it obtains ownership of a bottler territory that fits with our operations, it will give us the option to acquire such territory. The Coca-Cola Company has also agreed to support prudent and sound modifications to our capital structure to support horizontal growth. The Coca-Cola Company's agreement as to horizontal growth expires upon either the elimination of the super-majority voting requirements described above or The Coca-Cola Company's election to terminate the agreement as a result of a default.

The Coca-Cola Memorandum

In connection with the acquisition of Panamco in 2003, we established certain understandings primarily relating to operational and business issues with both The Coca-Cola Company and FEMSA that were memorialized in writing prior to completion of the acquisition. The terms are as follows:

- The current shareholder arrangements between directly wholly owned subsidiaries of FEMSA and The Coca-Cola Company will continue in place. See "—The Shareholders Agreement."

- FEMSA will continue to consolidate our financial results under Mexican Financial Reporting Standards.

- The Coca-Cola Company and FEMSA will continue to discuss in good faith the possibility of implementing changes to our capital structure in the future.

- There will be no changes in concentrate pricing or marketing support by The Coca-Cola Company up to May 2004. After such time, The Coca-Cola Company has complete discretion to implement any changes with respect to these matters, but any decision in this regard will be discussed with us and will take our operating condition into consideration. In 2005, The Coca-Cola Company decided to gradually increase concentrate prices for sparkling beverages over a three-year period in Brazil beginning in 2006 and in Mexico beginning in 2007. These increases were fully implemented in Brazil 2008 and in Mexico in 2009.

- The Coca-Cola Company may require the establishment of a different long-term strategy for Brazil. If, after taking into account our performance in Brazil, The Coca-Cola Company does not consider us to be part of this long-term strategic solution for Brazil, then we will sell our Brazilian franchise to The Coca-Cola Company or its designee at fair market value. Fair market value would be determined by independent investment bankers retained by each party at their own expense pursuant to specified procedures.

- FEMSA, The Coca-Cola Company and us will meet to discuss the optimal Latin American territorial configuration for the Coca-Cola bottler system. During these meetings, we will consider all possible combinations and any asset swap transactions that may arise from these discussions. In addition, we will entertain any potential combination as long as it is strategically sound and done at fair market value.

- We would like to keep open strategic alternatives that relate to the integration of sparkling beverages and beer. The Coca-Cola Company, FEMSA and us would explore these alternatives on a market-by-market basis at the appropriate time.

- The Coca-Cola Company agreed to sell to a subsidiary of FEMSA sufficient shares to permit FEMSA to beneficially own 51% of our outstanding capital stock (assuming that this subsidiary of FEMSA does not sell any shares and that there are no issuances of our stock other than as contemplated by the acquisition). As a result of this understanding, in November 2006, FEMSA acquired, through a subsidiary, 148,000,000 of our Series D shares from certain subsidiaries of The Coca-Cola Company, representing 9.4% of the total outstanding voting shares and 8.02% of the total outstanding equity of Coca-Cola FEMSA, at a price of US$ 2.888 per share for an aggregate amount of US$ 427.4 million. Pursuant to our bylaws, the acquired shares were converted from Series D Shares to Series A Shares.

- We may be entering some markets where significant infrastructure investment may be required. The Coca-Cola Company and FEMSA will conduct a joint study that will outline strategies for these markets, as well as the investment levels required to execute these strategies. Subsequently, it is intended that FEMSA and The Coca-Cola Company will reach agreement on the level of funding to be provided by each of the partners. The parties intend that this allocation of funding responsibilities would not be overly burdensome for either partner.

- We entered into a stand-by credit facility in December 2003, with The Coca-Cola Export Corporation, which expired in December 2006 and was never used.

Cooperation Framework with The Coca-Cola Company

In September 2006, The Coca-Cola Company and us arrived at a comprehensive cooperation framework for a new stage of collaboration going forward. This new framework includes the main aspects of our relationship with The Coca-Cola Company and defines the terms for the new collaborative business model. The framework is structured around three main objectives:

- **Sustainable growth of sparkling beverages, still beverages and waters:** Together with The Coca-Cola Company, we have defined a platform to jointly pursue incremental growth in the sparkling beverages category, as well as accelerated development of still beverages and waters across Latin America. To this end, The Coca-Cola Company will provide a relevant portion of the funds derived from the concentrate increase for marketing support of the entire portfolio. In addition, the new framework contemplates a new, all-encompassing business model for the development, organically and through acquisitions, of still beverages and waters that further aligns our and The Coca-Cola Company's objectives and should contribute to incremental long-term value creation for both companies. With this objective in mind, we have jointly acquired the *Brisa* bottled water business in Colombia, we have formalized a joint venture regarding the *Jugos del Valle* products in Mexico and Brazil and we have formalized our agreement to jointly develop the *Crystal* water business in Brazil.

- **Our horizontal growth:** The new framework includes The Coca-Cola Company's endorsement of our aspiration to continue being a leading participant in the consolidation of the Coca-Cola system in Latin America, as well as our exploration of potential opportunities in other markets where our operating model and strong execution capabilities could be leveraged.

- **Long-term vision in relationship economics:** We and The Coca-Cola Company understand each other's business objectives and growth plans, and the new framework provides long-term perspective on the economics of our relationship. This will allow us and The Coca-Cola Company to focus on continuing to drive the business forward and generating profitable growth.

RELATED PARTY TRANSACTIONS

FEMSA

We regularly engage in transactions with FEMSA and its subsidiaries. We believe that our transactions with FEMSA and its subsidiaries are on terms comparable to those that would result from arm's length negotiations with unaffiliated parties and are reviewed by our Corporate Practices Committee.

We sell our products to certain FEMSA subsidiaries, substantially all of which consists of our sales to a chain of convenience stores under the name Oxxo. The aggregate amount of these sales to Oxxo was Ps. 1,263 million, Ps. 992 million and Ps. 821 million in 2009, 2008 and 2007, respectively.

We also purchase products from FEMSA and its subsidiaries. The aggregate amount of these purchases was Ps. 5,941 million, Ps. 5,010 million and Ps. 4,184 million in 2009, 2008 and 2007, respectively. These amounts principally relate to raw materials, beer, assets and services provided to us by FEMSA. In January 2008, we renewed our service agreement with another subsidiary of FEMSA, which provides for the continued provision of administrative services relating to insurance, legal and tax advice, relations with governmental authorities and certain administrative and internal auditing services that it has been providing since June 1993. In November 2000, we entered into a service agreement with a subsidiary of FEMSA for the transportation of finished products from our production facilities to our distribution centers within Mexico. In November 2001, we entered into two franchise bottler agreements with Promotora de Marcas Nacionales, S.A. de C.V., an indirect subsidiary of FEMSA, under which we became the sole franchisee for the production, bottling, distribution and sale of *Mundet* brands in the valley of Mexico and in most of our operations in southeast Mexico. Each franchise agreement has a term of ten years and will expire in November 2011. Both agreements are renewable for ten-year terms, subject to non-renewal by either party with notice to the other party. We primarily purchase our glass bottles in Mexico from SIVESA, a wholly-owned subsidiary of FEMSA Cerveza. The aggregate amount of our purchases from SIVESA amounted to Ps. 355.1 million, Ps. 408.5 million and Ps. 331.9 million in 2009, 2008 and 2007, respectively. Finally, we sell and distribute the *Kaiser* brands of beer in our territories in Brazil. In January 2006, FEMSA Cerveza acquired a controlling stake in Cervejarias Kaiser. Since that time, we have distributed the *Kaiser* beer portfolio in our Brazilian territories, consistent with the arrangements between us and Cervejarias Kaiser in place prior to 2004. On April 30, 2010, the transaction pursuant to which FEMSA agreed to exchange 100% of its beer operations for a 20% economic interest in the Heineken Group closed. We have agreed with Cervejarias Kaiser to continue to distribute and sell the *Kaiser* beer portfolio in our Brazilian territories through the 20-year term, consistent with arrangement in place since 2006.

FEMSA is also a party to the understandings we have with The Coca-Cola Company relating to specified operational and business issues. A summary of these understandings is set forth under "—Major Shareholders—The Coca-Cola Memorandum."

The Coca-Cola Company

We regularly engage in transactions with The Coca-Cola Company and its affiliates. We purchase all of our concentrate requirements for *Coca-Cola* trademark beverages from The Coca-Cola Company. Total payments by us to The Coca-Cola Company for concentrates were approximately Ps. 16,863 million, Ps. 13,518 million and Ps. 12,239 million in 2009, 2008 and 2007, respectively. Our company and The Coca-Cola Company pay and reimburse each other for marketing expenditures. The Coca-Cola Company also contributes to our coolers, bottles and cases investment program. We received contributions to our marketing expenses and coolers, bottles and cases investment program of Ps. 1,945 million, Ps. 1,995 million and Ps. 1,582 million in 2009, 2008 and 2007, respectively.

In December 2007 and May 2008, we sold most of our proprietary brands to The Coca-Cola Company. The proprietary brands are licensed back to us by The Coca-Cola Company pursuant to our bottler agreements. The December 2007 transaction was valued at US$ 48 million and the May 2008 transaction was valued at US$ 16 million. We believe that both of these transactions were conducted on an arm's length basis. Revenues from the sale of proprietary brands realized in prior years in which we have a significant continuing involvement are deferred and amortized against the related costs of future sales over the estimated sales period. The balance to be amortized

amounted to Ps. 616 million, Ps. 571 million and Ps. 603 million as of December 31, 2009, 2008 and 2007, respectively. The short-term portions to be amortized amounted to Ps. 203 million Ps. 139 million and Ps. 113 million at December 31, 2009, 2008 and 2007, respectively. The short-term portions are included in other current liabilities. The long-term positions are included in other liabilities.

In Argentina, we purchase a portion of our plastic ingot requirements for producing plastic bottles and all of our returnable plastic bottle requirements from Embotelladora del Atlántico S.A., a local subsidiary of Embotelladora Andina S.A., a *Coca-Cola* bottler with operations in Argentina, Chile and Brazil in which The Coca-Cola Company has a substantial interest.

In November 2007, Administración and The Coca-Cola Company, acquired 100% of the shares of capital stock of Jugos del Valle. The business of Jugos del Valle in the United States was acquired and sold by The Coca-Cola Company. In June 2008, Administración and Jugos del Valle (surviving company) were merged. Subsequently, we and The Coca-Cola Company and all Mexican and Brazilian *Coca-Cola* bottlers entered into a joint business for the Mexican and the Brazilian operations, respectively, of Jugos del Valle, through transactions completed during 2008. We hold an interest of approximately 20% in each of the Mexican and the Brazilian joint businesses. Jugos del Valle sells fruit juice-based beverages and fruit derivatives. We distribute the Jugos del Valle line of juice-based beverages in Brazil and our territories in Latincentro.

In February 2009, we acquired with The Coca-Cola Company the *Brisa* bottled water business in Colombia from Bavaria, a subsidiary of SABMiller. We acquired the production assets and the rights to distribute in the territory, and The Coca-Cola Company acquired the *Brisa* brand. We and The Coca-Cola Company equally shared in paying the purchase price of US$ 92 million. Following a transition period, in June 2009, we started to sell and distribute the *Brisa* portfolio of products in Colombia.

In May 2009, we completed a transaction to develop the *Crystal* trademark water business in Brazil jointly with The Coca-Cola Company.

Associated Companies

We regularly engage in transactions with companies in which we own an equity interest. We believe these transactions are on terms comparable to those that would result from arm's length negotiations with unaffiliated third parties.

In Mexico, we purchase sparkling beverages in cans from Industria Envasadora de Querétaro, S.A. de C.V., or IEQSA, in which we hold an equity interest of approximately 13.5%. We paid IEQSA Ps. 208 million, Ps. 333 million and Ps. 388 million in 2009, 2008 and 2007, respectively. IEQSA purchases aluminum cans from FEMSA. We also purchase sugar from Beta San Miguel, a sugar-cane producer in which we hold a 2.6% equity interest to which we paid Ps. 713 million, Ps. 687 million and Ps. 845 million in 2009, 2008 and 2007, respectively.

In Mexico, we participate with certain *Coca-Cola* bottlers in PROMESA, in which we hold approximately a 5% interest. Through PROMESA, we purchase most of our cans for our Mexican operations, which are manufactured by Fábricas de Monterrey, S.A. de C.V., or FAMOSA, a wholly-owned subsidiary of FEMSA Cerveza. We purchased from PROMESA approximately Ps. 783 million, Ps. 525 million and Ps. 723 million in 2009, 2008, and 2007, respectively.

Other Related Party Transactions

José Antonio Fernández Carbajal, and Ricardo Guajardo Touché, who are directors of Coca-Cola FEMSA, are also members of the board of directors of *Instituto Tecnológico de Estudios Superiores de Monterrey*, or ITESM, a Mexican private university that routinely receives donations from us.

Allen & Company LLC provides investment banking services to us and our affiliates in the ordinary course of its business. Enrique Senior, one of our directors, is a Managing Director of Allen & Company LLC, and Herbert Allen III, an alternate director, is the president of Allen & Company LLC.

We are insured in Mexico primarily under certain of FEMSA's insurance policies with Grupo Nacional Provincial S.A., of which the son of the chairman of its board of directors, Alejandro Bailleres Gual is one of our alternate directors. The policies were purchased pursuant to a competitive bidding process.

Item 8. Financial Information

CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Consolidated Financial Statements

See "Item 18. Financial Statements" beginning on page F-1.

Dividend Policy

For a discussion of our dividend policy, see "Item 3. Key Information—Dividends and Dividend Policy."

Significant Changes

No significant changes have occurred since the date of the annual financial statements included in this annual report.

LEGAL PROCEEDINGS

We are party to various legal proceedings in the ordinary course of business. Other than as disclosed in this annual report, we are not currently involved in any litigation or arbitration proceeding, including any proceeding that is pending or threatened of which we are aware, which we believe will have, or has had, a material adverse effect on our company. Other legal proceedings that are pending against or involve us and our subsidiaries are incidental to the conduct of our and their business. We believe that the ultimate disposition of such other proceedings individually or in an aggregate basis will not have a material adverse effect on our consolidated financial condition or results of operations.

Mexico

Antitrust Matters. During 2000, the *Comisión Federal de Competencia* in Mexico (the Mexican Antitrust Commission, or CFC), pursuant to complaints filed by PepsiCo and certain of its bottlers in Mexico, began an investigation of The Coca-Cola Company Export Corporation (TCCEC) and its bottlers for alleged monopolistic practices through exclusivity arrangements with certain retailers. After the corresponding legal proceedings in 2008 in the *Tribunal Colegiado de Circuito* (Mexican federal court), a final adverse judgment was rendered against two out of our six Mexican subsidiaries involved, upholding a fine of approximately Ps.10.5 million imposed by CFC on each of the two subsidiaries and ordering the immediate suspension of such practices of alleged exclusivity arrangements and conditional dealing. We have already paid these two fines and we have established reserves for the other four. The Mexican Supreme Court decided to resolve the proceedings with respect to the complaints against the remaining four subsidiaries, and on June 9, 2010, the Mexican Federal Court ordered the CFC to reconsider certain aspects of these proceedings, which means that the CFC may issue a new resolution of this case, following specific guidelines provided by the Mexican Supreme Court. We have not received the full text of this judgment yet. Although we cannot predict the outcome, if any fines are reinstated, we estimate they will not have a material adverse effect on our financial condition or results of operations.

In February 2009, the CFC began a new investigation of alleged monopolistic practices consisting of sparkling beverage sales subject to exclusivity agreements and the granting of discounts and/or benefits in exchange for exclusivity arrangements with certain retailers. As part of this investigation, the CFC has been requiring several *Coca-Cola* bottlers in Mexico to deliver information regarding their commercial practices and we were required to do so in February 2010. In the event that the CFC finds evidence of monopolistic practices, it may begin administrative proceedings against the companies involved. We cannot determine the scope of the investigation at this time.

Central America

Antitrust Matters in Costa Rica. During August 2001, the *Comisión para Promover la Competencia* in Costa Rica (Costa Rican Antitrust Commission) pursuant to a complaint filed by PepsiCo. and its bottler in Costa Rica initiated an investigation of the sales practices of The Coca-Cola Company and our Costa Rican subsidiary for alleged monopolistic practices in retail distribution, including sales exclusivity arrangements. A ruling from the Costa Rican Antitrust Commission was issued in July 2004, which found our subsidiary in Costa Rica engaged in monopolistic practices with respect to exclusivity arrangements, pricing and the sharing of coolers under certain limited circumstances and imposed a US$ 130,000 fine (Ps. 1,419,197). Our appeal of the Costa Rican Antitrust Commission's ruling was dismissed. We have filed judicial proceedings challenging the ruling of the Costa Rican Antitrust Commission and the process is still pending in court. We believe that this matter will not have a material adverse effect on our financial condition or results of operations.

In November 2004, Ajecen del Sur S.A., the bottler of *Big Cola* in Costa Rica, filed a complaint before the Costa Rican Antitrust Commission related to monopolistic practices in retail distribution and exclusivity agreements against The Coca-Cola Company and our Costa Rican subsidiary. The Costa Rican Antitrust Commission has decided to pursue an investigation. The period for gathering of evidence ended in August 2008, and the final arguments have been filed. We expect that the maximum fine that could be imposed is US$ 300 thousand. We are waiting for the final resolution to be issued by the Costa Rican Antitrust Commission.

Colombia

Labor Matters. During July 2001, a labor union and several individuals from the Republic of Colombia filed a lawsuit in the U.S. District Court for the Southern District of Florida against certain of our subsidiaries. The plaintiffs alleged that the subsidiaries engaged in wrongful acts against the labor union and its members in Colombia, including kidnapping, torture, death threats and intimidation. The complaint alleges claims under the U.S. Alien Tort Claims Act, Torture Victim Protection Act, Racketeer Influenced and Corrupt Organizations Act and state tort law and seeks injunctive and declaratory relief and damages of more than US$ 500 million, including treble and punitive damages and the cost of the suit, including attorney fees. In September 2006, the federal district court dismissed the complaint with respect to all claims. The plaintiffs appealed and in August 2009, the Appellate Court affirmed the decision in favor of our subsidiaries. The plaintiffs moved for a rehearing, and in September 2009, the rehearing motion was denied. Plaintiffs attempted to seek reconsideration *en banc*, but so far, the court has not considered it.

Venezuela

Tax Matters. In 1999, some of our Venezuelan subsidiaries received notice of indirect tax claims asserted by the Venezuelan tax authorities. These subsidiaries have taken the appropriate measures against these claims at the administrative level and filed appeals with the Venezuelan courts. The claims currently amount to approximately US$ 21.1 million. We have certain rights to indemnification from Venbottling Holding, Inc., a former shareholder of Panamco and The Coca-Cola Company, for a substantial portion of the claims. We do not believe that the ultimate resolution of these cases will have a material adverse effect on our financial condition or results of operations.

Brazil

Antitrust Matters. Several claims have been filed against us by private parties that allege anticompetitive practices by our Brazilian subsidiaries. The plaintiffs are Ragi (Dolly), a Brazilian producer of "B Brands," and PepsiCo, alleging anticompetitive practices by Spal Indústria Brasileira de Bebidas S.A. and Recofarma Indústria do Amazonas Ltda. Of the four claims Dolly filed against us, the only one remaining concerns a denial of access to common suppliers. Of the two claims made by PepsiCo, the first concerns exclusivity arrangements at the point of sale, and the second is an alleged corporate espionage allegation against the Pepsi bottler, BAESA, which the Ministry of Economy recommended to be dismissed for lack of evidence. Under Brazilian law, each of these claims could result in substantial monetary fines and other penalties although we believe each of the claims is without merit.

Item 9. The Offer and Listing

TRADING MARKETS

The following table sets forth, for the periods indicated, the reported high and low nominal sale prices for the Series L Shares on the Mexican Stock Exchange and the reported high and low nominal sale prices for the ADSs on the New York Stock Exchange:

	Mexican Stock Exchange Mexican pesos per Series L Share		New York Stock Exchange U.S. dollars per ADS	
	High[(1)]	Low[(1)]	High[(1)]	Low[(1)]
2005:				
Full year	Ps. 30.50	Ps. 24.76	US$ 28.65	US$ 22.63
2006:				
Full year	Ps. 41.45	Ps. 29.30	US$ 38.00	US$ 26.75
2007:				
Full year	Ps. 53.65	Ps. 37.78	US$ 49.28	US$ 34.05
2008:				
First quarter	Ps. 63.30	Ps. 49.38	US$ 58.28	US$ 45.79
Second quarter	64.49	54.29	62.50	51.47
Third quarter	62.96	52.09	62.15	48.13
Fourth quarter	61.03	38.00	52.67	27.74
2009:				
First quarter	Ps. 62.90	Ps. 40.96	US$ 45.13	US$ 26.41
Second quarter	56.83	48.23	43.09	35.16
Third quarter	65.81	53.31	49.47	39.03
Fourth quarter	86.71	66.43	66.87	47.75
November	76.00	69.93	59.25	52.95
December	86.71	73.43	66.87	57.54
2010:				
First quarter	Ps. 88.07	Ps. 74.18	US$ 64.21	US$ 57.67
January	86.18	74.18	66.67	57.67
February	82.36	76.53	64.21	59.17
March	88.07	79.53	68.54	62.14
April	86.27	80.01	70.99	64.35

(1) High and low closing prices for the periods presented.

TRADING ON THE MEXICAN STOCK EXCHANGE

The Mexican Stock Exchange or the *Bolsa Mexicana de Valores, S.A.B. de C.V.*, located in Mexico City, is the only stock exchange in Mexico. Trading takes place principally through automated systems that are open between the hours of 8:30 a.m. and 3:00 p.m. Mexico City time, each business day. Beginning in March 2008, during daylight savings time, trading hours changed to match the New York Stock Exchange trading hours, opening at 7:30 a.m. and closing at 2:00 p.m. local time. Trades in securities listed can also be effected off the Mexican Stock Exchange. The Mexican Stock Exchange operates a system of automatic suspension of trading in shares of a particular issuer as a means of controlling excessive price volatility, but under current regulations this system does not apply to securities such as the Series L Shares that are directly or indirectly (for example, through ADSs) quoted on a stock exchange outside of Mexico.

Settlement is effected three business days after a share transaction on the Mexican Stock Exchange. Deferred settlement, even by mutual agreement, is not permitted without the approval of the CNBV. Most securities traded on the Mexican Stock Exchange, including our shares, are on deposit with S.D. Indeval, S.A. de C.V., Instituto para el Depósito de Valores, which we refer to as Indeval, a privately owned securities depositary that acts as a clearinghouse for Mexican Stock Exchange transactions.

Item 10. Additional Information

BYLAWS

The following is a summary of the material provisions of our bylaws and applicable Mexican law. The last amendment of our bylaws was approved on April 14, 2010, in accordance with the amendment of the shareholders agreement among our major shareholders, dated as of February 1, 2010. For a description of the provisions of our bylaws relating to our board of directors and executive officers, see "Item 6. Directors, Senior Management and Employees."

Organization and Register

We were incorporated on October 30, 1991, as a *sociedad anónima de capital variable* (Mexican variable stock corporation) in accordance with the *Ley General de Sociedades Mercantiles* (Mexican General Corporations Law). On December 5, 2006, we became a *sociedad anónima bursátil de capital variable* (Mexican variable capital listed stock company) and amended our bylaws in accordance with the Mexican Securities Market Law. We were registered in the *Registro Público de la Propiedad y del Comercio* (Public Registry of Property and Commerce) of Monterrey, Nuevo León, Mexico on November 22, 1991 under mercantile number 2986, folio 171, volume 365, third book of the Commerce section.

Purposes

The purposes of our company include the following:

- to establish, promote and organize commercial or civil companies of any type, as well as to acquire and possess shares or participations in them;
- to carry out all types of active and passive transactions involving bonds, shares, participations and securities of any type;
- to provide or receive advisory, consulting or other types of services in business matters;
- to conduct business with equipment, raw materials and any other items necessary to the companies in which we have an interest or with which we have commercial relations;
- to acquire and dispose of trademarks, commercial names, copyrights, patents, inventions, franchises, distributions, concessions and processes;
- to possess, build, lease and operate real and personal property, install or by any other title operate plants, warehouses, workshops, retail or deposits necessary for our corporate purpose;
- to subscribe, buy and sell stocks, bonds and securities among other things; and
- to draw, accept, make, endorse or guarantee negotiable instruments, issue bonds secured with real property or unsecured, and to make us jointly liable, to grant security of any type with regard to obligations entered into by us or by third parties, and in general, to perform the acts, enter into the agreements and carry out other transactions as may be necessary or conducive to our business purpose.

Voting Rights, Transfer Restrictions and Certain Minority Rights

Series A and Series D Shares have full voting rights but are subject to transfer restrictions. Although no Series B Shares have been issued, our bylaws provide for the issuance of Series B Shares with full voting rights that are freely transferable. Series L Shares are freely transferable but have limited voting rights. None of our shares are exchangeable for shares of a different series. The rights of all series of our capital stock are substantially identical except for:

- restrictions on transfer of the Series A and Series D Shares;

- limitations on the voting rights of Series L Shares;

- the respective rights of the Series A, Series D and Series L Shares, voting as separate classes in a special meeting, to elect specified numbers of our directors and alternate directors;

- the respective rights of Series D Shares to participate in the voting of extraordinary matters, as they are defined by our by laws; and

- prohibitions on non-Mexican ownership of Series A Shares. See "Item 6. Directors, Senior Management and Employees," and "—Additional Transfer Restrictions Applicable to Series A and Series D Shares."

Under our bylaws, holders of Series L Shares are entitled to vote only in limited circumstances. They may appoint for election and elect up to three of our eighteen directors and, in certain circumstances where holders of Series L Shares have not voted for the director elected by holders of the majority of these series of shares, they may be entitled to elect and remove one director, through a general shareholders' meeting, if they own 10% or more of all issued, subscribed and paid shares of the capital stock of the company, pursuant to the Mexican Securities Market Law. See "Item 6. Directors, Senior Management and Employees." In addition, they are entitled to vote on certain matters, including certain changes in our corporate form, mergers involving our company when our company is the merged entity or when the principal corporate purpose of the merged entity is not related to the corporate purpose of our company, the cancellation of the registration of our shares in the Mexican Stock Exchange or any other foreign stock exchange and those matters for which the Mexican Securities Market Law expressly allow them to vote.

Holders of our shares in the form of ADSs will receive notice of shareholders meetings from our ADS depositary in sufficient time to enable such holders to return voting instructions to the ADS depositary in a timely manner. Our past practice, which we intend to continue, has been to inform the depositary to timely notify holders of our shares in the form of ADSs of upcoming votes and ask for their instructions.

A quorum of 82% of our subscribed and paid shares of capital stock (including the Series L Shares) and the vote of at least a majority of our capital stock voting (and not abstaining) at such extraordinary meeting is required for:

- the transformation of our company from one type of company to another (other than changing from a variable capital to fixed-capital corporation and vice versa);

- any merger where we are not the surviving entity or any merger with an entity whose principal corporate purposes are different from those of our company or our subsidiaries; and

- cancellation of the registration of our shares with the Mexican Registry of Securities, or RNV, maintained by the CNBV or with other foreign stock exchanges on which our shares may be listed.

In the event of cancellation of the registration of any of our shares in the RNV, whether by order of the CNBV or at our request with the prior consent of 95% of the holders of our outstanding capital stock, our bylaws and the Mexican Securities Market Law require us to make a public offer to acquire these shares prior to their cancellation.

Holders of Series L Shares may attend, but not address, meetings of shareholders at which they are not entitled to vote.

Under our bylaws and the Mexican General Corporations Law, holders of shares of any series are entitled to vote as a class in a special meeting governed by the same rules that apply to extraordinary meetings on any action that would have an effect on the rights of holders of shares of such series. There are no procedures for determining

whether a particular proposed shareholder action requires a class vote, and Mexican law does not provide extensive guidance on the criteria to be applied in making such a determination.

Pursuant to the Mexican Securities Market Law, we are subject to a number of minority shareholder protections. These minority protections include provisions that permit:

- holders of at least 10% of our outstanding capital stock entitled to vote (including in a limited or restricted manner) may require the chairman of the board of directors or of the Audit or Corporate Practices Committees to call a shareholders' meeting;

- holders of at least 5% of our outstanding capital stock may bring an action for liabilities against our directors, the secretary of the board of directors or the relevant officers;

- holders of at least 10% of our outstanding capital stock who are entitled to vote, including limited or restricted vote, at any shareholders meeting to request that resolutions with respect to any matter on which they considered they were not sufficiently informed be postponed;

- holders of 20% of our outstanding capital stock to oppose any resolution adopted at a shareholders meeting in which they are entitled to vote and file a petition for a court order to suspend the resolution temporarily within 15 days following the adjournment of the meeting at which the action was taken, provided that (1) the challenged resolution violates Mexican law or our bylaws, (2) the opposing shareholders neither attended the meeting nor voted in favor of the challenged resolution and (3) the opposing shareholders deliver a bond to the court to secure payment of any damages that we may suffer as a result of suspending the resolution in the event that the court ultimately rules against the opposing shareholder; and

- holders of at least 10% of our outstanding capital stock who are entitled to vote, including limited or restricted vote, to appoint one member of our board of directors and one alternate member of our board of directors.

Shareholders Meetings

General shareholders meetings may be ordinary meetings or extraordinary meetings. Extraordinary meetings are those called to consider certain matters specified in Article 182 of the Mexican General Corporations Law, Article 53 of the Mexican Securities Market Law and in our bylaws. These matters include, among others: amendments to the bylaws, liquidation, dissolution, merger and transformation from one form of company to another, issuance of preferred stock and increases and reductions of the fixed portion of our capital stock. In addition, our bylaws require an extraordinary meeting to consider the cancellation of the registration of our shares with the RNV or with other foreign stock exchanges on which our shares may be listed, the amortization of distributable earnings into capital stock, and an increase in our capital stock. All other matters, including increases or decreases affecting the variable portion of our capital stock, are considered at an ordinary meeting.

An ordinary meeting of the holders of Series A and Series D Shares must be held at least once each year (1) to consider the approval of the financial statements of our and certain of our subsidiaries for the preceding fiscal year and (2) to determine the allocation of the profits of the preceding year. Further, any transaction to be entered into by us or our subsidiaries within the next fiscal year that represents 20% or more of our consolidated assets must be approved at an ordinary shareholders meeting at which holders of Series L Shares shall be entitled to vote.

Mexican law provides for a special meeting of shareholders to allow holders of shares of a series to vote as a class on any action that would prejudice exclusively the rights of holders of such series. Holders of Series A, Series D and Series L Shares at their respective special meetings must appoint, remove or ratify directors, as well as determine their compensation.

The quorum for ordinary and extraordinary meetings at which holders of Series L Shares are not entitled to vote is 76% of the holders of subscribed and paid Series A and Series D Shares, and the quorum for an extraordinary

meeting at which holders of Series L Shares are entitled to vote is 82% of the subscribed and paid shares of capital stock.

The quorum for special meetings of any series of shares is 75% of the holders of the subscribed and paid capital stock of such shares, and action may be taken by holders of a majority of such shares.

Resolutions adopted at an ordinary or extraordinary shareholders meeting are valid when adopted by holders of at least a majority of the subscribed and paid in capital stock voting (and not abstaining) at the meeting, unless in the event of any decisions defined as extraordinary matters by the bylaws or any payment of dividends above 20% of the preceding years' accumulated net income, which shall require the approval of a majority of shareholders of each of Series A and Series D Shares voting together as a single class. Resolutions adopted at a special shareholders meeting are valid when adopted by the holders of at least a majority of the subscribed and paid shares of the series of shares entitled to attend the special meeting.

Shareholders meetings may be called by the board of directors, the audit committee or the corporate practices committee and, under certain circumstances, a Mexican court. Holders of 10% or more of our capital stock may require the chairman of the board of directors, or the chairmen of the audit or corporate practices committees to call a shareholders meeting. A notice of meeting and an agenda must be published in a newspaper of general circulation in Mexico City at least 15 days prior to the meeting. Notices must set forth the place, date and time of the meeting and the matters to be addressed and must be signed by whomever convened the meeting. All relevant information relating to the shareholders meeting must be made available to shareholders starting on the date of publication of the notice. To attend a meeting, shareholders must deposit their shares with the company or with Indeval or an institution for the deposit of securities prior to the meeting as indicated in the notice. If entitled to attend the meeting, a shareholder may be represented by an attorney-in-fact.

Additional Transfer Restrictions Applicable to Series A and Series D Shares

Our bylaws provide that no holder of Series A or Series D Shares may sell its shares unless it has disclosed the terms of the proposed sale and the name of the proposed buyer and has previously offered to sell the shares to the holders of the other series for the same price and terms as it intended to sell the shares to a third party. If the shareholders being offered shares do not choose to purchase the shares within 90 days of the offer, the selling shareholder is free to sell the shares to the third party at the price and under the specified terms. In addition, our bylaws impose certain procedures in connection with the pledge of any Series A or Series D Shares to any financial institution that are designed, among other things, to ensure that the pledged shares will be offered to the holders of the other series at market value prior to any foreclosure. Finally, a proposed transfer of Series A or Series D Shares other than a proposed sale or a pledge, or a change of control of a holder of Series A or Series D Shares that is a subsidiary of a principal shareholder, would trigger rights of first refusal to purchase the shares at market value. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—The Shareholders Agreement."

Dividend Rights

At the annual ordinary meeting of holders of Series A and Series D Shares, the board of directors submits our financial statements for the previous fiscal year, together with a report thereon by the board of directors. Once the holders of Series A and Series D Shares have approved the financial statements, they determine the allocation of our net income for the preceding year. Mexican law requires the allocation of at least 5% of net income to a legal reserve, which is not subsequently available for distribution until the amount of the legal reserve equals 20% of our capital stock. Thereafter, the holders of Series A and Series D Shares may determine and allocate a certain percentage of net income to any general or special reserve, including a reserve for open-market purchases of our shares. The remainder of net income is available for distribution in the form of dividends to the shareholders.

All shares outstanding and fully paid (including Series L Shares) at the time a dividend or other distribution is declared are entitled to share equally in the dividend or other distribution. No series of shares is entitled to a preferred dividend. Shares that are only partially paid participate in a dividend or other distributions in the same proportion that the shares have been paid at the time of the dividend or other distributions. Treasury shares are not entitled to dividends or other distributions.

Change in Capital

According to our bylaws, any change in our authorized capital stock requires a resolution of an extraordinary meeting of shareholders. We are permitted to issue shares constituting fixed capital and shares constituting variable capital. The fixed portion of our capital stock may be increased or decreased only by amendment of our bylaws adopted by a resolution at an extraordinary meeting of the shareholders. The variable portion of our capital stock may be increased or decreased by resolution of an ordinary meeting of the shareholders without amending our bylaws. All changes in the fixed or variable capital have to be registered in a variation of capital registry.

A capital stock increase may be effected through the issuance of new shares for payment in cash or in kind, or by capitalization of indebtedness or of certain items of shareholders' equity. Treasury stock may only be sold pursuant to a public offering.

Preemptive Rights

The Mexican Securities Market Law permits the issuance and sale of shares through a public offering without granting shareholders preemptive rights, if permitted by the bylaws and upon, among other things, express authorization of the CNBV and the approval of the extraordinary shareholders meeting called for such purpose. Under Mexican law and our bylaws, except in these circumstances and other limited circumstances (including mergers, sales of repurchased shares, conversion into shares of convertible securities and capital increases by means of payment in kind for shares or shares issued in return for the cancellation of debt), in the event of an increase in our capital stock, a holder of record generally has the right to subscribe to shares of a series held by such holder sufficient to maintain such holder's existing proportionate holding of shares of that series. Preemptive rights must be exercised during a term fixed by the shareholders at the meeting declaring the capital increase, which term must last at least 15 days following the publication of notice of the capital increase in the Official State Gazette. As a result of applicable United States securities laws, holders of ADSs may be restricted in their ability to participate in the exercise of preemptive rights under the terms of the deposit agreement. Shares subject to a preemptive rights offering, with respect to which preemptive rights have not been exercised, may be sold by us to third parties on the same terms and conditions previously approved by the shareholders or the board of directors. Under Mexican law, preemptive rights cannot be waived in advance or be assigned, or be represented by an instrument that is negotiable separately from the corresponding shares.

Limitations on Share Ownership

Ownership by non-Mexican nationals of shares of Mexican companies is regulated by the 1993 Foreign Investment Law and its regulations. The Mexican Foreign Investment Commission is responsible for the administration of the Mexican Foreign Investment Law and its regulations.

As a general rule, the Mexican Foreign Investment Law allows foreign holdings of up to 100% of the capital stock of Mexican companies, except for those companies engaged in certain specified restricted industries. The Mexican Foreign Investment Law and its regulations require that Mexican shareholders retain the power to determine the administrative control and the management of corporations in industries in which special restrictions on foreign holdings are applicable. Foreign investment in our shares is not limited under either the Mexican Foreign Investment Law or its regulations.

Although the Mexican Foreign Investment Law grants broad authority to the Mexican Foreign Investment Commission to allow foreign investors to own more than 49% of the capital of Mexican enterprises after taking into consideration public policy and economic concerns, our bylaws provide that Series A Shares must at all times constitute no less than 51% of all outstanding common shares (excluding Series L Shares) and may only be held by Mexican investors. Under our bylaws, in the event Series A Shares are subscribed or acquired by any other shareholders holding shares of any other series, and the shareholder is of a nationality other than Mexican, these Series A Shares are automatically converted into shares of the same series of stock that this shareholder owns, and this conversion will be considered perfected at the same time as the subscription or acquisition, provided however that Series A Shares may never represent less than 51% of the capital stock.

Other Provisions

Authority of the Board of Directors. The board of directors is our legal representative and is authorized to take any action in connection with our operations not expressly reserved to our shareholders. Pursuant to the Mexican Securities Market Law, the board of directors must approve, observing at all moments their duty of care and duty of loyalty, among other matters:

- any transactions with related parties outside the ordinary course of our business;
- significant asset transfers or acquisitions;
- material guarantees or collateral;
- appointment of officers and managers deemed necessary, as well as the necessary committees;
- the five-year business plan and the annual business plan;
- internal policies; and
- other material transactions.

Meetings of the board of directors are validly convened and held if a majority of the members are present. Resolutions passed at these meetings will be valid if approved by a majority of the directors voting (and not abstaining). The majority of the members, which shall include the vote of at least two Series D Shares directors, shall approve any extraordinary decision including any new business acquisition or combination or any change in the existing line of business, among others. If required, the chairman of the board of directors may cast a tie-breaking vote.

See "Item 6. Directors, Senior Management and Employees—Directors" and "Item 6. Directors, Senior Management and Employees—Board Practices."

Redemption. Our fully paid shares are subject to redemption in connection with either (1) a reduction of capital stock or (2) a redemption with distributable earnings, which, in either case, must be approved by our shareholders at an extraordinary shareholders meeting. The shares subject to any such redemption would be selected by us by lot or in the case of redemption with distributable earnings, by purchasing shares by means of a tender offer conducted on the Mexican Stock Exchange, in accordance with the Mexican General Corporations Law and the Mexican Securities Market Law.

Repurchase of Shares. According to our bylaws, and subject to the provisions of the Mexican Securities Market Law and under rules promulgated by the CNBV, we may repurchase our shares.

In accordance with the Mexican Securities Market Law, our subsidiaries may not purchase, directly or indirectly, shares of our capital stock or any security that represents such shares.

Forfeiture of Shares. As required by Mexican law, our bylaws provide that non-Mexican holders of our shares are (1) considered to be Mexican with respect to such shares that they acquire or hold and (2) may not invoke the protection of their own governments in respect of the investment represented by those shares. Failure to comply with our bylaws may result in a penalty of forfeiture of a shareholder's capital stock in favor of the Mexican state. Under this provision, a non-Mexican holder of our shares (including a non-Mexican holder of ADSs) is deemed to have agreed not to invoke the protection of its own government by asking such government to interpose a diplomatic claim against the Mexican state with respect to its rights as a shareholder, but is not deemed to have waived any other rights it may have, including any rights under the United States securities laws, with respect to its investment in our company. If a shareholder should invoke governmental protection in violation of this agreement, its shares could be forfeited to the Mexican state.

Duration. Our bylaws provide that our company's term is for 99 years from its date of incorporation, unless extended through a resolution of an extraordinary shareholders meeting.

Fiduciary Duties—Duty of Care. The Mexican Securities Market Law provides that the directors shall act in good faith and in our best interest and in the best interest of our subsidiaries. In order to fulfill its duty, the board of directors may:

- request information about us or our subsidiaries that is reasonably necessary to fulfill its duties;
- require our officers and certain other persons, including the external auditors, to appear at board of directors' meetings to report to the board of directors;
- postpone board of directors' meetings for up to three days when a director has not been given sufficient notice of the meeting or in the event that a director has not been provided with the information provided to the other directors; and
- require a matter be discussed and voted upon by the full board of directors in the presence of the secretary of the board of directors.

Our directors may be liable for damages for failing to comply their duty of care if such failure causes economic damage to us or our subsidiaries and the director (1) failed to attend, board of directors' or committee meetings and as a result of, such failure, the board of directors was unable to take action, unless such absence is approved by the shareholders meeting, (2) failed to disclose to the board of directors or the committees material information necessary for the board of directors to reach a decision, unless legally prohibited from doing so or required to do so to maintain confidentiality, and (3) failed to comply with the duties imposed by the Mexican Securities Market Law or our bylaws.

Fiduciary Duties—Duty of Loyalty. The Mexican Securities Market Law provides that the directors and secretary of the board of directors shall keep confidential any non-public information and matters about which they have knowledge as a result of their position. Also, directors should abstain from participating, attending or voting at meetings related to matters where they have a conflict of interest.

The directors and secretary of the board of directors will be deemed to have violated the duty of loyalty, and will be liable for damages, when they obtain an economic benefit by virtue of their position. Further, the directors will fail to comply with their duty of loyalty if they:

- vote at a board of directors' meeting or take any action on a matter involving our assets where there is a conflict of interest;
- fail to disclose a conflict of interest during a board of directors' meeting;
- enter into an voting arrangement to support a particular shareholder or group of shareholders against the other shareholders;
- approve of transactions without complying with the requirements of the Mexican Securities Market Law;
- use company property in violation of the policies approved by the board of directors;
- unlawfully use material non-public information; and
- usurp a corporate opportunity for their own benefit or the benefit of a third parties, without the prior approval of the board of directors.

Appraisal Rights. Whenever the shareholders approve a change of corporate purpose, change of nationality or the transformation from one form of company to another, any shareholder entitled to vote on such change that has voted against it, may withdraw as a shareholder of our company and have its shares redeemed at a price per share calculated as specified under applicable Mexican law, provided that it exercises its right within 15 days following the adjournment of the meeting at which the change was approved. In this case, the shareholder would be entitled to the reimbursement of its shares, in proportion to the company's assets in accordance with the last approved balance sheet. Because holders of Series L Shares are not entitled to vote on certain types of these changes, these withdrawal rights are available to holders of Series L Shares in fewer cases than to holders of other series of our capital stock.

Liquidation. Upon our liquidation, one or more liquidators may be appointed to wind up our affairs. All fully paid and outstanding shares of capital stock (including Series L Shares) will be entitled to participate equally in any distribution upon liquidation. Shares that are only partially paid participate in any distribution upon liquidation in the proportion that they have been paid at the time of liquidation. There are no liquidation preferences for any series of our shares.

Actions Against Directors. Shareholders (including holders of Series L Shares) representing, in the aggregate, not less than 5% of the capital stock may directly bring an action against directors

In the event of actions derived from any breach of the duty of care and the duty of loyalty, liability is exclusively in favor of the company. The Mexican Securities Market Law, contrary to the previous securities law, establishes that liability may be imposed on the members and the secretary of the board of directors, as well as to the relevant officers.

Notwithstanding, the Mexican Securities Market Law provides that the members of the board of directors will not incur, individually or jointly, in liability for damages and losses caused to the company, when their acts were made in good faith, provided that (1) the directors complied with the requirements of the Mexican Securities Market Law and with the company's bylaws, (2) the decision making or voting was based on information provided by the relevant officers, the external auditor or the independent experts, whose capacity and credibility do not offer reasonable doubt; (3) the negative economic effects could not have been foreseen, based on the information available; and (4) the resolutions of the shareholders' meeting were observed.

Limited Liability. The liability of shareholders for our company's losses is limited to their shareholdings in our company.

MATERIAL AGREEMENTS

We manufacture, package, distribute and sell sparkling beverages, still beverages and bottled water under bottler agreements with The Coca-Cola Company. In addition, pursuant to a tradename licensing agreement with The Coca-Cola Company, we are authorized to use certain trademark names of The Coca-Cola Company. For a discussion of the terms of these agreements, see "Item 4. Information on the Company—Bottler Agreements."

We operate pursuant to a shareholders agreement, as amended from time to time, among two subsidiaries of FEMSA, The Coca-Cola Company and certain of its subsidiaries. For a discussion of the terms of this agreement, see "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders—The Shareholders Agreement."

We purchase the majority of our non-returnable plastic bottles from ALPLA, a provider authorized by The Coca-Cola Company, pursuant to an agreement we entered into in April 1998 for our original operations in Mexico. Under this agreement, we rent plant space to ALPLA, where it produces plastic bottles to certain specifications and quantities for our use.

During 2007, we renewed and extended our existing agreements with E.D.S. (Electronic Data Systems, now Hewlett Packard México, S.A. de C.V., which assumed all obligations under these agreements) for the outsourcing of technology services in all of our territories. These agreements will be valid until December 2011.

See "Item 5. Operating and Financial Review and Prospects—Summary of Significant Debt Instruments" for a brief discussion of certain terms of our significant debt agreements.

See "Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions" for a discussion of other transactions and agreements with our affiliates and associated companies.

TAXATION

The following summary contains a description of certain U.S. federal income and Mexican federal tax consequences of the purchase, ownership and disposition of our Series L Shares or ADSs by a holder that is a citizen or resident of the United States, a U.S. domestic corporation or a person or entity that otherwise will be subject to U.S. federal income tax on a net income basis in respect of the Series L Shares or ADSs, which we refer to as a U.S. holder, but it does not purport to be a description of all of the possible tax considerations that may be relevant to a decision to purchase the Series L Shares or ADSs. In particular, this discussion does not address all Mexican or U.S. federal income tax considerations that may be relevant to a particular investor, nor does it address the special tax rules applicable to certain categories of investors, such as banks, dealers, traders who elect to mark to market, tax-exempt entities, insurance companies, certain short-term holders of Series L Shares or ADSs or investors who hold the Series L Shares or ADSs as part of a hedge, straddle, conversion or integrated transaction or investors who have a "functional currency" other than the U.S. dollar. U.S. holders should be aware that the tax consequences of holding the Series L Shares or ADSs may be materially different for investors described in the preceding sentence. This summary deals only with U.S. holders that will hold the Series L Shares or ADSs as capital assets and does not address the tax treatment of a U.S. holder that owns or is treated as owning 10% or more of the voting shares (including Series L Shares) of our company.

This summary is based upon the federal tax laws of the United States and Mexico as in effect on the date of this annual report, including the provisions of the income tax treaty between the United States and Mexico and the protocols thereto, which we refer in this annual report as the Tax Treaty, which are subject to change. The summary does not address any tax consequences under the laws of any state or locality of Mexico or the United States or the laws of any taxing jurisdiction other than the federal laws of Mexico and the United States. Holders of the Series L Shares or ADSs should consult their tax advisers as to the U.S., Mexican or other tax consequences of the purchase, ownership and disposition of Series L Shares or ADSs, including, in particular, the effect of any foreign, state or local tax laws.

Mexican Taxation

For purposes of this summary, the term "non-resident holder" means a holder that is not a resident of Mexico and that does not hold the Series L Shares, or ADSs in connection with the conduct of a trade or business through a permanent establishment in Mexico. For purposes of Mexican taxation, an individual is a resident of Mexico if he or she has established his or her home in Mexico, or if he or she has another home outside Mexico but his or her "center of vital interests" (as defined in the Mexican Tax Code) is located in Mexico. The "center of vital interests" of an individual is situated in Mexico when, among other circumstances, more than 50% of that person's total income during a calendar year originates from within Mexico. A legal entity is a resident of Mexico if either it is organized under the laws of Mexico or it has its principal place of business or its place of effective management in Mexico. A Mexican citizen is presumed to be a resident of Mexico unless such a person can demonstrate that the contrary is true. If a legal entity or an individual is deemed to have a permanent establishment in Mexico for tax purposes, all income attributable to such a permanent establishment will be subject to Mexican taxes, in accordance with applicable tax laws.

Tax Considerations Relating to the Series L Shares and the ADSs

Taxation of Dividends. Under Mexican income tax law, dividends, either in cash or in kind, paid with respect to the Series L Shares represented by ADSs or the Series L Shares are not subject to Mexican withholding tax.

Taxation of Dispositions of ADSs or Series L Shares. Gains from the sale or disposition of ADSs by non-resident holders will not be subject to Mexican withholding tax. Gains from the sale of Series L Shares carried out by non resident holders through the Mexican Stock Exchange or other securities markets situated in countries that have a tax treaty with Mexico will generally be exempt from Mexican tax provided certain additional requirements are met. Also, certain restrictions will apply if the Series L Shares are transferred as a consequence of public offerings.

Gains on the sale or other disposition of Series L Shares or ADSs made in other circumstances generally would be subject to Mexican tax, regardless of the nationality or residence of the transferor. However, under the Tax Treaty, a holder that is eligible to claim the benefits of the Tax Treaty will be exempt from Mexican tax on gains realized on a sale or other disposition of Series L Shares or ADSs in a transaction that is not carried out through the Mexican Stock Exchange or other approved securities markets, so long as the holder did not own, directly or indirectly, 25% or more of our total capital stock (including Series L Shares represented by ADSs) within the 12-month period preceding such sale or other disposition and provided that the gains are not attributable to a permanent establishment or a fixed base in Mexico. Deposits of Series L Shares in exchange for ADSs and withdrawals of Series L Shares in exchange for ADSs will not give rise to Mexican tax.

Non-resident holders that do not meet the requirements referred to above are subject to a 5% withholding tax on the gross sales price received upon the sale of Series L Shares through the Mexican Stock Exchange. Alternatively, non-resident holders may elect to be subject to a 20% tax rate on their net gains from the sale as calculated pursuant to the Mexican Income Tax Law provisions. In both cases, the financial institutions involved in the transfers must withhold the tax.

Other Mexican Taxes

There are no Mexican inheritance, gift, succession or value added taxes applicable to the ownership, transfer, exchange or disposition of the ADSs or the Series L Shares, although gratuitous transfers of Series L Shares may in certain circumstances cause a Mexican federal tax to be imposed upon the recipient. There are no Mexican stamp, issue, registration or similar taxes or duties payable by holders of the ADSs or Series L Shares.

United States Taxation

Tax Considerations Relating to the Series L Shares and the ADSs

In general, for U.S. federal income tax purposes, holders of ADSs will be treated as the owners of the Series L Shares represented by those ADSs.

Taxation of Dividends. The gross amount of any dividends paid with respect to the Series L Shares represented by ADSs or the Series L Shares generally will be included in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the U.S. holder, in the case of the Series L Shares, or by the depositary, in the case of the Series L Shares represented by ADSs, and will not be eligible for the dividends received deduction allowed to corporations under the Internal Revenue Code of 1986, as amended. Dividends, which will be paid in Mexican pesos, will be includible in the income of a U.S. holder in a U.S. dollar amount calculated, in general, by reference to the exchange rate in effect on the date that they are received by the U.S. holder, in the case of the Series L Shares, or by the depositary, in the case of the Series L Shares represented by the ADSs (regardless of whether such Mexican pesos are in fact converted into U.S. dollars on such date). If such dividends are converted into U.S. dollars on the date of receipt, a U.S. holder generally should not be required to recognize foreign currency gain or loss in respect of the dividends. Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual U.S. holder in respect of Series L Shares or ADSs before January 1, 2011 is subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends." Dividends paid on the ADSs will be treated as qualified dividends if (1) the issuer is eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service has approved for the purposes of the qualified dividend rules and (2) the issuer was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid a passive foreign investment company. The income tax treaty between Mexico and the United States has been approved for the purposes of the qualified dividend rules. Based on our audited consolidated financial statements and relevant market and shareholder data, we believe that we were not treated as a passive foreign investment company for U.S. federal income tax purposes with respect to our 2009 taxable year. In addition, based on our audited financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a passive foreign investment company for our 2010 taxable year. U.S. holders should consult their tax advisers regarding the treatment of the foreign currency gain or loss, if any, on any Mexican pesos received that are converted into U.S. dollars on a date subsequent to the

date of receipt. Dividends generally will constitute foreign source "passive income" for U.S. foreign tax credit purposes.

Distributions to holders of additional Series L Shares with respect to their ADSs that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax.

A holder of Series L Shares or ADSs that is, with respect to the United States, a foreign corporation or non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on dividends received on Series L Shares or ADSs unless such income is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States.

Taxation of Capital Gains. A gain or loss realized by a U.S. holder on the sale or other disposition of ADSs or Series L Shares will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's tax basis in the ADSs or the Series L Shares. Any such gain or loss will be a long-term capital gain or loss if the ADSs or Series L Shares were held for more than one year on the date of such sale. Long-term capital gain recognized by a U.S. holder that is an individual is subject to reduced rates of federal income taxation. The deduction of capital loss is subject to limitations for U.S. federal income tax purposes. Deposits and withdrawals of Series L Shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Gain, if any, realized by a U.S. holder on the sale or other disposition of Series L Shares or ADSs will be treated as U.S. source income for U.S. foreign tax credit purposes.

A non-U.S. holder of Series L Shares or ADSs will not be subject to U.S. federal income or withholding tax on any gain realized on the sale of Series L Shares or ADSs, unless (1) such gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States, or (2) in the case of gain realized by an individual non-U.S. holder, the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

United States Backup Withholding and Information Reporting

A U.S. holder of Series L Shares or ADSs may, under certain circumstances, be subject to "backup withholding" with respect to certain payments to such U.S. holder, such as dividends or the proceeds of a sale or disposition of Series L Shares or ADSs unless such holder (1) is a corporation or comes within certain exempt categories, and demonstrates this fact when so required, or (2) provides a correct taxpayer identification number, certifies that it is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under these rules does not constitute a separate tax and will be creditable against the holder's U.S. federal income tax liability. While non-U.S. holders generally are exempt from backup withholding, a non-U.S. holder may, in certain circumstances, be required to comply with certain information and identification procedures in order to prove this exemption.

DOCUMENTS ON DISPLAY

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its public reference room in Washington, D.C., at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Filings we make electronically with the SEC are also available to the public on the Internet at the SEC's website at www.sec.gov and at our website at www.coca-colafemsa.com. (This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be incorporated into this annual report.)

Item 11. Quantitative and Qualitative Disclosures about Market Risk

As a part of our risk management strategy, we use derivative financial instruments with the purpose of (1) achieving a desired liability structure with a balanced risk profile, (2) managing the exposure to production input and raw material costs and (3) hedging accounting exposures and foreign currency fluctuation. We do not use derivative financial instruments for speculative or profit-generating purposes. We track the fair value (mark to market) of our derivative financial instruments and its possible changes using the Value at Risk methodology. We also generate scenario analyses.

Interest Rate Risk

Interest rate risk exists principally with respect to our indebtedness that bears interest at floating rates. At December 31, 2009, we had total indebtedness of Ps. 15,925 million, of which 20% bore interest at fixed interest rates and 80% bore interest at variable interest rates. After giving effect to our swap and forward contracts, as of December 31, 2009, 58% of our debt was fixed-rate and 42% of our debt was variable-rate, calculated by weighting each year's outstanding debt balance mix. The interest rate on our variable rate debt denominated in U.S. dollars is generally determined by reference to the London Interbank Offer Rate, or LIBOR, a benchmark rate used for Eurodollar loans and the interest rate on our variable rate debt denominated in Mexican pesos is generally determined by reference to the *Tasa de Interés Interbancaria de Equilibrio* (the Equilibrium Interbank Interest Rate), or TIIE. If these reference rates increase, our interest payments would consequently increase.

The table below provides information about our financial instruments that are sensitive to changes in interest rates, without giving effect to interest rate swaps. The table presents weighted average interest rates by expected contractual maturity dates. Weighted average variable rates are based on the reference rates on December 31, 2009, plus spreads, contracted by us. The instruments' actual payments are denominated in U.S. dollars, Mexican pesos, Venezuelan bolivares, Colombian pesos and Argentine pesos. All of the payments in the table are presented in Mexican pesos, our reporting currency, assuming the foreign exchange rate from December 31, 2009 of Ps. 13,0587 Mexican pesos per U.S. dollar.

The table below also includes the fair value of long-term debt based on the discounted value of contractual cash flows. The discount rate is estimated using rates currently offered for debt with similar terms and remaining maturities. Furthermore, the fair value of long-term notes payable is based on quoted market prices on December 31, 2009. As of December 31, 2009, the fair value represents a loss amount of Ps. 591 million.

Principal by Year of Maturity
(millions of Mexican pesos)

	At December 31, 2009							At Dec. 31, 2008
	2010	2011	2012	2013	2014	2015 and thereafter	Total Carrying Value	Total Carrying Value
Long-Term Debt:								
Fixed Rate Debt								
U.S. dollars	11	4	—	—	—	—	15	3,631
Interest rate[1]	3.8%	3.8%	—		—	—	3.8%	7.2%
Mexican pesos	1,000	—	—	—	—	—	1,000	1,500
Interest rate[1]	10.4%	—	—	—	—	—	10.4%	10.2%
Argentine pesos	—	69	—	—	—	—	69	
Interest rate[1]	—	20.6%	—	—	—	—	20.6%	
Total Fixed Rate	1,011	73	—	—	—	—	1,084	5,131
Variable Rate Debt								
U.S. dollars	—	—	849	2,024	—	—	2,873	2,982
Interest rate[1]	—	—	0.5%	0.5%	—	—	0.5%	3.3%
Mexican pesos	2,000	—	3,066	267	1,392	2,825	9,550	7,550
Interest rate[1]	5.5%	—	4.9%	5.1%	5.2%	5.1%	5.1%	8.9%
Colombian pesos	—	—	—	—	—	—	—	905
Interest rate[1]	—	—	—	—	—	—	—	15.4%
Brazilian reais	—	2	—	—	—	—	2	3
Interest rate[1]	—	(Various)	—	—	—	—	(Various)	(Various)
Total Variable Rate	2,000	2	3,915	2,291	1,392	2,825	12,425	11,440
Long Term Debt	3,011	75	3,915	2,291	1,392	2,825	13,509	16,571
Current portion of long term debt	3,011	—	—	—	—	—	3,011	4,116
Total Long-Term Debt	—	75	3,915	2,291	1,392	2,825	10,498	12,455
Derivative Instruments:								
Interest Rate Swaps Mexican pesos								
Variable to fixed	150	—	1,600	1,312	575	1,963	5,600	2,035
Interest pay rate	10.08%	—	8.06%	8.48%	8.43%	8.63%	8.45%	8.47%
Interest receive rate	5.32%	—	4.86%	28d TIIE +0.22%[2]	28d TIIE +0.24%[2]	28d TIIE +0.21%[2]	4.90% / 28d TIIE +0.21%[2]	8.47% / 28d TIIE +0.22%[2]
Interest Rate Swaps U.S. dollars								
Variable to fixed	—	—	849	2,024	—	—	2,873	—
Interest pay rate	—	—	3.46%	2.96%	—	—	3.11%	—
Interest receive rate	—	—	0.53% / 3M LIB +0.35%[2]	0.53% / 3M LIB +0.33%[2]	—	—	0.53% / 3M LIB +0.33%[2]	—

(1) Calculated by a weighted average annual rate.
(2) Forward starting swaps in which the receive rate is not known, until the start of the validity period.

A hypothetical, instantaneous and unfavorable change of 100 basis points in the average interest rate applicable to our floating-rate financial instruments held during 2009 would have increased our interest expense by approximately Ps. 121 million, or 6.4% over our interest expense of 2009, assuming no additional debt is incurred during such period, in each case after giving effect to all of our interest rate swap and cross-currency swap agreements.

Foreign Currency Exchange Rate Risk

Our principal exchange rate risk involves changes in the value of the local currencies of each country in which we operate, relative to the U.S. dollar. In 2009, the percentage of our consolidated total revenues was denominated as follows:

Total Revenues by Currency
At December 31, 2009

Currency	%
Mexican peso	35.8%
Colombian peso	9.5%
Venezuelan bolivar	21.8%
Argentine peso	5.9%
Brazilian real	20.9%
Other (Central America)	6.1%

We estimate that approximately 40% of our consolidated costs and expenses are denominated in U.S. dollars for Mexican subsidiaries and in the aforementioned currencies for our non-Mexican subsidiaries. Substantially all of our costs and expenses denominated in a foreign currency, other than the functional currency of each country in which we operate, are denominated in U.S. dollars. As of December 31, 2009, 30.2% of our indebtedness was denominated in U.S. dollars, 54.5% in Mexican pesos and the remaining 15.3% in Venezuelan bolivares, Colombian pesos and Argentine pesos (including the effect of derivative contracts held by us as of December 31, 2009, including cross currency swaps from Mexican pesos to U.S. dollars and a U.S. dollar forward position). Decreases in the value of the different currencies relative to the U.S. dollar will increase the cost of our foreign currency-denominated operating costs and expenses and of the debt service obligations with respect to our foreign currency-denominated debt. A depreciation of the Mexican peso relative to the U.S. dollar will also result in foreign exchange losses, as the Mexican peso value of our foreign currency denominated-indebtedness is increased. See also "Item 3. Key Information—Risk Factors—Depreciation of the Mexican peso relative to the U.S. dollar could adversely affect our financial condition and results of operations."

A hypothetical, instantaneous and unfavorable 10% devaluation in the value of the Mexican peso relative to the U.S. dollar occurring on December 31, 2009, would have resulted in an increase in our net consolidated comprehensive financing result expense of approximately Ps. 8 million over a 12-month period of 2010, reflecting higher interest expense and foreign exchange gain generated by the cash balances held in U.S. dollars as of that date, net of the loss based on our U.S. dollar-denominated indebtedness at December 31, 2009. However, this result does not take into account any gain on monetary position that would be expected to result from an increase in the inflation rate generated by a devaluation of the Mexican peso relative to the U.S. dollar, which gain on monetary position would reduce the consolidated net comprehensive financing result, after giving effect to all of our interest rate swap and cross-currency swap agreements.

As of June 9, 2010, the exchange rates relative to the U.S. dollar of all the countries in which we operate have appreciated or depreciated compared to December 31, 2009 as follows:

	Exchange Rate As of June 9, 2010	(Depreciation) or Appreciation
Mexico	12.93	0.99%
Guatemala	8.02	4.04%
Nicaragua	21.29	(2.16)%
Costa Rica	553.09	3.27%
Panama	1.00	–
Colombia	1,960.50	4.10%
Venezuela	4.30	(100.00)%
Brazil	1.84	(5.81)%
Argentina	3.92	(3.05)%

A hypothetical, instantaneous and unfavorable 10% devaluation in the value of the currencies of each of the countries in which we operate relative to the U.S. dollar at December 31, 2009, would produce a reduction in shareholders' equity of approximately the following amounts:

	Reduction in Shareholders' Equity (millions of Mexican pesos)
Mexico	Ps. 72
Colombia	807
Venezuela	682
Brazil	1,182
Argentina	93
Other (Central America)	457

Equity Risk

As of December 31, 2009 we did not have any equity risk derivatives.

Commodity Price Risk

During 2009 we entered into futures contracts to hedge the cost of sugar with a notional value of Ps. 528 million, maturing in 2010 and 2011. The result of these commodity price contracts was a fair market value gain of Ps. 133 million as of December 31, 2009.

Item 12. Description of Securities Other than Equity Securities

Item 12.A. Debt Securities

Not applicable.

Item 12.B. Warrants and Rights

Not applicable.

Item 12.C. Other Securities

Not applicable.

Item 12.D. American Depositary Shares

The Bank of New York Mellon serves as the depositary for our ADSs. Holders of our ADSs, evidenced by American Depositary Receipts, or ADRs, are required to pay various fees to the depositary, and the depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

ADR holders are required to pay the depositary amounts in respect of expenses incurred by the depositary or its agents on behalf of ADR holders, including expenses arising from compliance with applicable law, taxes or other governmental charges, cable, telex and facsimile transmission, or conversion of foreign currency into U.S. dollars. The depositary may decide in its sole discretion to seek payment by either billing holders or by deducting the fee from one or more cash dividends or other cash distributions.

ADS holders are also required to pay additional fees for certain services provided by the depositary, as set forth in the table below.

Depositary service	Fee payable by ADR holders
Issuance and delivery of ADRs, including in connection with share distributions	Up to US$ 5.00 per 100 ADSs (or portion thereof)
Withdrawal of shares underlying ADSs	Up to US$ 5.00 per 100 ADSs (or portion thereof)
Registration for the transfer of shares	Registration or transfer fees that may from time to time be in effect

In addition, holders may be required to pay a fee for the distribution or sale of securities. Such fee (which may be deducted from such proceeds) would be for an amount equal to the lesser of (1) the fee for the issuance of ADSs that would be charged as if the securities were treated as deposited shares and (2) the amount of such proceeds.

Direct and indirect payments by the depositary

The depositary reimburses us for certain expenses we incur in connection with the ADR program, subject to a ceiling agreed between us and the depositary. These reimbursable expenses include listing fees and fees payable to service providers for the distribution of material to ADR holders. For the year ended December 31, 2009, this amount was US$ 38,000.

Items 13-14. Not Applicable

Item 15. Controls and Procedures

(a) **Disclosure Controls and Procedures**

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2009. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) **Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a–15(f) and 15d–15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions or our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts an expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the framework in Internal Controls – Integrated framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, our management concluded that our internal control over financial reporting was effective as of December 31, 2009.

(c) **Attestation Report of the Registered Public Accounting Firm**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
Coca-Cola FEMSA, S.A.B. DE C.V.:

We have audited Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Coca-Cola

FEMSA, S.A.B. de C.V. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Mexican Financial Reporting Standards, including the reconciliation to U.S. GAAP in accordance with Item 18 of Form 20F. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Mexican Financial Reporting Standards, including the reconciliation to U.S. GAAP in accordance with Item 18 of Form 20F, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting may not prevent or detect misstatement. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries as of December 31, 2009, and the related consolidated statements of income, change in shareholders' equity, and cash flows for the year then ended and our report dated June 10, 2010 expressed an unqualified opinion thereon.

Mancera, S.C.
A member practice of
Ernst & Young Global

Oscar Aguirre Hernandez
Mexico City, Mexico
June 10, 2010

(d) **Changes in Internal Control Over Financial Reporting.**

There has been no change in our internal control over financial reporting during 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our shareholders and our board of directors have designated José Manuel Canal Hernando, an independent director as required by the Mexican Securities Market Law and applicable New York Stock Exchange listing

standards, as an "audit committee financial expert" within the meaning of this Item 16A. See "Item 6. Directors, Senior Management and Employees—Directors."

Item 16B. Code of Ethics

We have adopted a code of ethics, within the meaning of this Item 16B of Form 20-F under the Securities Exchange Act of 1934, as amended. Our code of ethics applies to our chief executive officer, chief financial officer and persons performing similar functions as well as to our directors and other officers and employees. Our code of ethics is available on our website at www.coca-colafemsa.com. If we amend the provisions of our code of ethics that apply to our chief executive officer, chief financial officer and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website at the same address. In accordance with our code of ethics, we have developed a voice mailbox available to our employees to which complaints may be reported.

Item 16C. Principal Accountant Fees and Services

Audit and Non-Audit Fees

The following table summarizes the aggregate fees billed to us by Mancera, S.C. and other Ernst & Young practices (collectively, Ernst and Young) during the fiscal years ended December 31, 2009 and December 31, 2008:

	Year ended December 31,			
	2009		2008	
	(millions of Mexican pesos)			
Audit fees	Ps.	41	Ps.	36
Audit-related fees		4		4
Tax fees		1		3
Other fees		—		—
Total fees	Ps.	46	Ps.	43

Audit Fees. Audit fees in the above table are the aggregate fees billed by Ernst & Young in connection with the audit of our annual financial statements, the review of our quarterly financial statements, and statutory and regulatory audits.

Audit-related Fees. Audit-related fees in the above table are the aggregate fees billed by Ernst & Young for assurance and other services related to the performance of the audit, mainly in connection with special audits and reviews.

Tax Fees. Tax fees in the above table are fees billed by Ernst & Young for services based upon existing facts and prior transactions in order to document, compute and obtain government approval for amounts included in tax filings such as value-added tax return assistance, transfer pricing documentation and requests for technical advice from taxing authorities.

Other fees. Other fees in the above table are consulting related fees. For the years ended December 31, 2009 and 2008, there were no other fees.

Audit Committee Pre-Approval Policies and Procedures

We have adopted pre-approval policies and procedures under which all audit and non-audit services provided by our external auditors must be pre-approved by the audit committee as set forth in the audit committee's charter. Any service proposals submitted by external auditors need to be discussed and approved by the audit committee during its meetings, which take place at least four times a year. Once the proposed service is approved, we or our subsidiaries formalize the engagement of services. The approval of any audit and non-audit services to be provided by our external auditors is specified in the minutes of our audit committee. In addition, the members of our board of directors are briefed on matters discussed by the different committees of our board of directors.

Item 16D. Not Applicable

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not directly purchase any of our equity securities in 2009. The following table presents purchases by trusts that we administer in connection with our bonus incentive plans, which purchases may be deemed to be purchases by an affiliated purchaser of us. See "Item 6. Directors, Senior Management and Employees—EVA-Based Bonus Program."

Purchases of Equity Securities

Period	Total Number of Series L Shares Purchased by trusts that we administer in connection with our bonus incentive plans	Average Price Paid per Series L Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Number (or Appropriate U.S. Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Jan. 20 – March 19	1,340,790	Ps. 47.90	—	—
Total	1,340,790	Ps. 47.90	—	—

Item 16F. Not Applicable

Item 16G. Corporate Governance

Pursuant to Rule 303A.11 of the Listed Company Manual of the New York Stock Exchange (NYSE), we are required to provide a summary of the significant ways in which our corporate governance practices differ from those required for U.S. companies under the NYSE listing standards. We are a Mexican corporation with shares listed on the Mexican Stock Exchange. Our corporate governance practices are governed by our bylaws, the Mexican Securities Market Law and the regulations issued by the CNBV. We also disclose the extent to which we comply with the *Código de Mejores Prácticas Corporativas* (Mexican Code of Best Corporate Practices), which was created by a group of Mexican business leaders and was endorsed by the BMV.

The table below discloses the significant differences between our corporate governance practices and the NYSE standards.

NYSE Standards	Our Corporate Governance Practices
Directors Independence: A majority of the board of directors must be independent. There is an exemption for "controlled companies" (companies in which more than 50% of the voting power is held by an individual, group or another company rather than the public), which would include our company if we were a U.S. issuer.	**Directors Independence:** Pursuant to the Mexican Securities Market Law, we are required to have a board of directors with a maximum of 21 members, 25% of whom must be independent. The Mexican Securities Market Law sets forth, in article 26, the definition of "independence," which differs from the one set forth in Section 303A.02 of the Listed Company Manual of the NYSE. Generally, under the Mexican Securities Market Law, a director is not independent if such director: (i) is an employee or a relevant officer of the company or its subsidiaries; (ii) is an individual with significant influence over the company or its subsidiaries; (iii) is a shareholder or participant of the controlling group of the company; (iv) is a client, supplier, debtor, creditor, partner or employee of an important client, supplier, debtor or creditor of the company; or (v) is a family member of any of the aforementioned persons.

NYSE Standards	Our Corporate Governance Practices
	In accordance with the Mexican Securities Market Law, our shareholders are required to make a determination as to the independence of our directors at an ordinary meeting of our shareholders, though the CNBV may challenge that determination. Our board of directors is not required to make a determination as to the independence of our directors.
Executive sessions: Non-management directors must meet at regularly scheduled executive sessions without management.	**Executive sessions:** Under our bylaws and applicable Mexican law, our non-management and independent directors are not required to meet in executive sessions. Our bylaws state that the board of directors will meet at least four times a year, following the end of each quarter, to discuss our operating results and progress in achieving strategic objectives. Our board of directors can also hold extraordinary meetings.
Nominating/Corporate Governance Committee: A nominating/corporate governance committee composed entirely of independent directors is required. As a "controlled company," we would be exempt from this requirement if we were a U.S. issuer.	**Nominating/Corporate Governance Committee:** We are not required to have a nominating committee, and the Mexican Code of Best Corporate Practices does not provide for a nominating committee. However, Mexican law requires us to have a Corporate Practices Committee. Our Corporate Practices Committee is composed of three members, and as required by the Mexican Securities Market Law and our bylaws, the three members are independent.
Compensation committee: A compensation committee composed entirely independent directors is required. As a "controlled company," we would be exempt from this requirement if we were a U.S. issuer.	**Compensation committee:** We do not have a committee that exclusively oversees compensation issues. Our Corporate Practices Committee, composed entirely of independent directors, reviews and recommends management compensation programs in order to ensure that they are aligned with shareholders' interests and corporate performance.
Audit committee: Listed companies must have an audit committee satisfying the independence and other requirements of Rule 10A-3 under the Exchange Act and the NYSE independence standards.	**Audit committee:** We have an Audit Committee of five members. Each member of the Audit Committee is an independent director, as required by the Mexican Securities Market Law.
Equity compensation plan: Equity compensation plans require shareholder approval, subject to limited exemptions.	**Equity compensation plan:** Shareholder approval is not required under Mexican law or our bylaws for the adoption and amendment of an equity compensation plan. Such plans should provide for general application to all executives.
Code of business conduct and ethics: Corporate governance guidelines and a code of conduct and ethics are required, with disclosure of any waiver for directors or executive officers.	**Code of business conduct and ethics:** We have adopted a code of ethics, within the meaning of Item 16B of SEC Form 20-F. Our code of ethics applies to our chief executive officer, chief financial officer and persons performing similar functions as well as to our directors and other officers and employees. Our code of ethics is available on our website at www.coca-colafemsa.com. If we amend the provisions of our code of ethics that apply to our chief executive officer, chief financial officer and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such

NYSE Standards	Our Corporate Governance Practices
	amendment or waiver on our website at the same address.

Item 17. Not Applicable

Item 18. Financial Statements

Reference is made to Item 19(a) for a list of all financial statements filed as part of this annual report.

Item 19. Exhibits

(a) List of Financial Statements

* All supplementary schedules relating to the registrant are omitted because they are not required or because the required information, where material, is contained in the Financial Statements or Notes thereto.

(b) List of Exhibits

Exhibit No:	Description
Exhibit 1.1	Amended and restated bylaws (*Estatutos Sociales*) of Coca-Cola FEMSA, S.A.B. de C.V., approved April 14, 2010 (English translation).
Exhibit 2.1	Deposit Agreement, dated as of September 1, 1993, among Coca-Cola FEMSA, the Bank of New York, as Depositary, and Holders and Beneficial Owners of American Depository Receipts (incorporated by reference to Exhibit 3.5 to the Registration Statement of FEMSA on Form F-4 filed on April 9, 1998 (File No. 333-8618)).
Exhibit 2.2	Indenture dated as of February 5, 2010 among Coca-Cola FEMSA, S.A.B. de C.V., and The Bank of New York Mellon.
Exhibit 2.3	Supplemental Indenture dated as of February 5, 2010 among Coca-Cola FEMSA, S.A.B. de C.V., and The Bank of New York Mellon and the Bank of New York Mellon (Luxembourg) S.A.
Exhibit 4.1	Amended and Restated Shareholders Agreement dated as of July 6, 2002, by and among CIBSA, Emprex, The Coca-Cola Company and Inmex, (incorporated by reference to Exhibit 4.13 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 27, 2003 (File No. 1-12260)).

Exhibit No:	Description
Exhibit 4.2	Amendment, dated May 6, 2003, to the Amended and Restated Shareholders Agreement, dated as of July 6, 2002, among CIBSA, Emprex, The Coca-Cola Company, Inmex, Atlantic Industries, Dulux CBAI 2003 B.V. and Dulux CBEXINMX 2003 B.V. (incorporated by reference to Exhibit 4.14 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 27, 2003 (File No. 1-12260)).
Exhibit 4.3	Second Amendment, dated as of February 1, 2010, to the to the Amended and Restated Shareholders Agreement, dated as of July 6, 2002, by and among CIBSA, Emprex, The Coca-Cola Company, Inmex and Dulux CBAI 2003 B.V.
Exhibit 4.4	Amended and Restated Bottler Agreement, dated June 21, 2003, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in the valley of Mexico (incorporated by reference to Exhibit 4.3 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on April 5, 2004 (File No. 1-12260)).
Exhibit 4.5	Supplemental Agreement, dated June 21, 1993, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in the valley of Mexico (with English translation) (incorporated by reference to Exhibit 10.3 to Coca-Cola FEMSA's Registration Statement on Form F-1 filed on August 13, 1993 (File No. 333-67380)).
Exhibit 4.6	Amended and Restated Bottler Agreement, dated June 21, 2003, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in the southeast of Mexico (incorporated by reference to Exhibit 4.5 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on April 5, 2004 (File No. 1-12260)).
Exhibit 4.7	Supplemental Agreement, dated June 21, 1993, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in the southeast of Mexico (with English translation) (incorporated by reference to Exhibit 10.4 to Coca-Cola FEMSA's Registration Statement on Form F-1 filed on August 13, 1993 (File No. 333-67380)).
Exhibit 4.8	Bottler Agreement and Side Letter dated June 1, 2005, between Panamco Golfo, S.A. de C.V. and The Coca−Cola Company with respect to operations in Golfo, Mexico (English translation) (incorporated by reference to Exhibit 4.7 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on April 18, 2006 (File No. 1-12260)).
Exhibit 4.9	Bottler Agreement and Side Letter dated June 1, 2005, between Panamco Baijo, S.A. de C.V., and The Coca-Cola Company with respect to operations in Baijo, Mexico (English translation) (incorporated by reference to Exhibit 4.8 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on April 18, 2006 (File No. 1-12260)).
Exhibit 4.10	Bottler Agreement, dated August 22, 1994, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in Argentina (with English translation) (incorporated by reference to Exhibit 10.1 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 30, 1995 (File No. 1-12260)).
Exhibit 4.11	Supplemental Agreement, dated August 22, 1994, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in Argentina (with English translation) (incorporated by reference to Exhibit 10.2 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 30, 1995 (File No. 1-12260)).
Exhibit 4.12	Amendments, dated May 17 and July 20, 1995, to Bottler Agreement and Letter of Agreement, dated August 22, 1994, each with respect to operations in Argentina, between Coca-Cola FEMSA and The Coca-Cola Company (with English translation) (incorporated by reference to

Exhibit No:	Description
	Exhibit 10.3 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 28, 1996 (File No. 1-12260)).
Exhibit 4.13	Bottler Agreement, dated December 1, 1995, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in SIRSA (with English translation) (incorporated by reference to Exhibit 10.4 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 28, 1996 (File No. 1-12260)).
Exhibit 4.14	Supplemental Agreement, dated December 1, 1995, between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in SIRSA (with English translation) (incorporated by reference to Exhibit 10.6 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 28, 1996 (File No. 1-12260)).
Exhibit 4.15	Amendment, dated February 1, 1996, to Bottler Agreement between Coca-Cola FEMSA and The Coca-Cola Company with respect to operations in SIRSA, dated December 1, 1995 (with English translation) (incorporated by reference to Exhibit 10.5 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 28, 1996 (File No. 1-12260)).
Exhibit 4.16	Amendment, dated May 22, 1998, to Bottler Agreement with respect to the former SIRSA territory, dated December 1, 1995, between Coca-Cola FEMSA and The Coca-Cola Company (with English translation) (incorporated by reference to Exhibit 4.12 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 20, 2001 (File No. 1-12260)).
Exhibit 4.17	Coca-Cola Tradename License Agreement dated June 21, 1993, between Coca-Cola FEMSA and The Coca-Cola Company (with English translation) (incorporated by reference to Exhibit 10.40 to FEMSA's Registration Statement on Form F-4 filed on April 9, 1998 (File No. 333-8618)).
Exhibit 4.18	Amendment to the Trademark License Agreement, dated December 1, 2002, entered by and among Administración de Marcas S.A. de C.V., as proprietor, and The Coca-Cola Export Corporation Mexico branch, as licensee (incorporated by reference to Exhibit 10.3 of Panamco's Quarterly Report on Form 10-Q for the period ended March 31, 2003 (File No. 1-12290)).
Exhibit 4.19	Trademark Sub-License Agreement, dated January 4, 2003, entered by and among Panamco Golfo S.A. de C.V., as licensor, and The Coca-Cola Company, as licensee (incorporated by reference to Exhibit 10.6 of Panamco's Quarterly Report on Form 10-Q for the period ended March 31, 2003 (File No. 1-12290)).
Exhibit 4.20	Trademark Sub-License Agreement, dated January 4, 2003, entered by and among Panamco Bajio S.A. de C.V., as licensor, and The Coca-Cola Company, as licensee (incorporated by reference to Exhibit 10.7 of Panamco's Quarterly Report on Form 10-Q for the period ended March 31, 2003 (File No. 1-12290)).
Exhibit 4.21	Supply Agreement dated June 21, 1993, between Coca-Cola FEMSA and FEMSA Empaques, (incorporated by reference to Exhibit 10.7 to Coca-Cola FEMSA's Registration Statement on Form F-1 filed on August 13, 1993 (File No. 333-67380)).
Exhibit 4.22	Supply Agreement dated April 3, 1998, between ALPLA Fábrica de Plásticos, S.A. de C.V. and Industria Embotelladora de México, S.A. de C.V. (with English translation) (incorporated by reference to Exhibit 4.18 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on July 1, 2002 (File No. 1-12260)).*

Exhibit No:	Description
Exhibit 4.23	Services Agreement, dated November 7, 2000, between Coca-Cola FEMSA and FEMSA Logística (with English translation) (incorporated by reference to Exhibit 4.15 to Coca-Cola FEMSA's Annual Report on Form 20-F filed on June 20, 2001 (File No. 1-12260)).
Exhibit 4.24	Promotion and Non-Compete Agreement, dated March 11, 2003, entered by and among The Coca-Cola Export Corporation Mexico branch and Panamco Bajio S.A. de C.V. (with English translation) (incorporated by reference to Exhibit 10.8 of Panamco's Quarterly Report on Form 10-Q for the period ended March 31, 2003 (File No. 1-12290)).
Exhibit 4.25	Promotion and Non-Compete Agreement, dated March 11, 2003, entered by and among The Coca-Cola Export Corporation Mexico branch and Panamco Golfo S.A. de C.V. (with English translation) (incorporated by reference to Exhibit 10.9 of Panamco's Quarterly Report on Form 10-Q for the period ended March 31, 2003 (File No. 1-12290)).
Exhibit 4.26	Memorandum of Understanding, dated as of March 11, 2003, by and among Panamco, as seller, and The Coca-Cola Company, as buyer (incorporated by reference to Exhibit 10.14 of Panamco's Quarterly Report on Form 10-Q for the period ended March 31, 2003 (File No. 1-12290)).
Exhibit 7.1	The Coca-Cola Company memorandum, to Steve Heyer from José Antonio Fernández, dated December 22, 2002 (incorporated by reference to Exhibit 10.1 to FEMSA's Registration Statement on Amendment No. 1 to the Form F-3 filed on September 20, 2004 (File No. 333-117795)).
Exhibit 8.1	Significant Subsidiaries.
Exhibit 12.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 10, 2010.
Exhibit 12.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 10, 2010.
Exhibit 13.1	Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated June 10, 2010.

* Portions of Exhibit 4.22 were omitted pursuant to a request for confidential treatment. Such omitted portions were filed separately with the Securities and Exchange Commission.

Omitted from the exhibits filed with this annual report are certain instruments and agreements with respect to long-term debt of Coca-Cola FEMSA, none of which authorizes securities in a total amount that exceeds 10% of the total assets of Coca-Cola FEMSA. We hereby agree to furnish to the SEC copies of any such omitted instruments or agreements as the SEC requests.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Coca-Cola FEMSA, S.A.B. de C.V.

We have audited the accompanying consolidated balance sheets of Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries at December 31, 2009 and 2008, and the consolidated results of their operations and consolidated cash flows, for the years then ended, in conformity with Mexican Financial Reporting Standards, which differ in certain respects from accounting principles generally accepted in the United States (See Notes 26 and 27 to the consolidated financial statements).

As disclosed in Note 2 to the accompanying consolidated financial statements, during 2008 the Company adopted Mexican Financial Reporting Standard ("MFRS") B-2 *Statement of Cash Flows*, MFRS B-10 *Effects of Inflation,* and certain other *MFRS.* The application of all of these standards was prospective in nature.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 10, 2010 expressed an unqualified opinion thereon.

Mancera, S.C.
A member practice of
Ernst & Young Global

Oscar Aguirre Hernandez

Mexico City, Mexico
June 10, 2010

Report of Independent Registered Public Accounting Firm to the Board of Directors and Shareholders of Coca-Cola FEMSA, S.A.B. de C.V.:

We have audited the accompanying consolidated statements of income, changes in shareholders' equity and changes in financial position of Coca-Cola FEMSA, S.A.B. de C.V. (a Mexican corporation) and subsidiaries (the "Company") for the year ended December 31, 2007, all expressed in millions of Mexican pesos of purchasing power as of December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations, changes in shareholders' equity and changes in financial position of Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries for the year ended December 31, 2007, in conformity with Mexican Financial Reporting Standards.

Mexican Financial Reporting Standards vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of consolidated net income for the year ended December 31, 2007 to the extent summarized in Note 26. As discussed in Note 26k to the consolidated financial statements, in 2009 the Company adopted the provisions of ASC 810.10.65 (formerly FAS 160, "Noncontrolling Interest in Consolidated Financial Statements and amendment of ARB No. 51") which requires, among other changes, to identify and present on the face of the consolidated statement of income the amount of consolidated net income attributable to the parent and the noncontrolling interest. Accordingly, Notes 26 and 27 to the accompanying 2007 financial statements have been retrospectively adjusted.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu
/s/ C.P.C. Jorge Alamillo Sotomayor
C.P.C. Jorge Alamillo Sotomayor
Mexico City, Mexico
June 10, 2008 (June 30, 2009 with respect to the retrospective adjustments for a change in the composition of reportable segments in 2008)
(May 6, 2010 with respect to the retrospective adjustments related to the adoption of ASC 810.10.65)

CONSOLIDATED BALANCE SHEETS

COCA-COLA FEMSA, S.A.B. DE C.V. AND SUBSIDIARIES
At December 31, 2009 and 2008. Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

	2009		2008
Assets			
Current Assets:			
Cash and cash equivalents	$ 584	Ps. 7,627	Ps. 6,192
Marketable securities (Note 4b)	162	2,113	-
Accounts receivable, net (Note 6)	454	5,931	5,240
Inventories, net (Note 7)	383	5,002	4,313
Recoverable taxes	136	1,776	942
Other current assets (Note 8)	91	1,190	1,305
Total current assets	1,810	23,639	17,992
Investment in shares (Note 9)	166	2,170	1,797
Property, plant and equipment, net (Note 10)	2,393	31,242	28,236
Intangible assets, net (Note 11)	3,898	50,898	47,453
Deferred tax asset (Note 23d)	78	1,019	1,246
Other assets, net (Note 12)	130	1,693	1,234
TOTAL ASSETS	$ 8,475	Ps. 110,661	Ps.97,958
Liabilities and shareholders' equity			
Current Liabilities:			
Bank loans and notes payable (Note 17)	$ 185	Ps. 2,416	Ps. 2,003
Current portion of long-term debt (Note 17)	231	3,011	4,116
Interest payable	5	61	267
Suppliers	717	9,368	7,790
Accounts payable	362	4,733	3,288
Taxes payable	228	2,974	1,877
Other current liabilities (Note 24a)	68	885	1,992
Total current liabilities	1,796	23,448	21,333
Long-Term Liabilities:			
Bank loans and notes payable (Note 17)	804	10,498	12,455
Labor liabilities (Note 15b)	83	1,089	936
Deferred tax liability (Note 23d)	204	2,659	1,680
Contingencies and other liabilities (Note 24)	344	4,495	3,938
Total long-term liabilities	1,435	18,741	19,009
Total liabilities	3,231	42,189	40,342
Shareholders' Equity:			
Noncontrolling interest in consolidated subsidiaries (Note 20)	176	2,296	1,703
Controlling interest:			
Capital stock (Note 21)	239	3,116	3,116
Additional paid-in capital	1,012	13,220	13,220
Retained earnings from prior years (Note 21)	2,925	38,189	33,935
Net income (Note 21)	653	8,523	5,598
Cumulative other comprehensive income	239	3,128	44
Total controlling interest	5,068	66,176	55,913
Total shareholders' equity	5,244	68,472	57,616
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 8,475**	**Ps. 110,661**	**Ps.97,958**

The accompanying notes are an integral part of these consolidated balance sheets.
Mexico City

Carlos Salazar Lomelín Héctor Treviño Gutiérrez

Chief Executive Officer Chief Financial Officer

CONSOLIDATED INCOME STATEMENTS

COCA-COLA FEMSA, S.A.B. DE C.V. AND SUBSIDIARIES
For the years ended December 31, 2009, 2008 and 2007.
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.), except for data per share.

	2009		2008	2007
Net sales	$ 7,829	Ps. 102,229	Ps. 82,468	Ps. 68,969
Other operating revenues	41	538	508	282
Total revenues	7,870	102,767	82,976	69,251
Cost of goods sold	4,209	54,952	43,895	35,876
Gross profit	3,661	47,815	39,081	33,375
Operating expenses:				
Administrative	406	5,308	4,095	3,729
Selling	2,043	26,672	21,291	18,160
	2,449	31,980	25,386	21,889
Income from operations	1,212	15,835	13,695	11,486
Other expenses, net (Note 18)	111	1,449	1,831	702
Comprehensive financing result:				
Interest expense	144	1,895	2,207	2,178
Interest income	(22)	(286)	(433)	(613)
Foreign exchange loss (gain), net	28	370	1,477	(99)
Gain on monetary position in inflationary subsidiaries	(37)	(488)	(658)	(1,007)
Market value (gain) loss on ineffective portion of derivative financial instruments	(9)	(118)	959	(114)
	104	1,373	3,552	345
Income before income taxes	997	13,013	8,312	10,439
Income taxes (Note 23)	310	4,043	2,486	3,336
Consolidated net income	$ 687	Ps. 8,970	Ps. 5,826	Ps. 7,103
Net controlling interest income	653	8,523	5,598	6,908
Net noncontrolling interest income	34	447	228	195
Consolidated net income	$ 687	Ps. 8,970	Ps. 5,826	Ps. 7,103
Net controlling income (U.S. dollars and Mexican pesos): Data per share	$ 0.35	Ps. 4.62	Ps. 3.03	Ps. 3.74

The accompanying notes are an integral part of these consolidated income statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

COCA-COLA FEMSA, S.A.B. DE C.V. AND SUBSIDIARIES

For the years ended December 31, 2009 and 2008. Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

	2009		2008
Operating Activities:			
Income before income taxes	$ 997	Ps. 13,013	Ps. 8,312
Non-cash operating expenses	13	170	159
Equity in earnings affiliated companies	(11)	(142)	(104)
Unrealized gain on marketable securities	(9)	(112)	-
Other adjustments regarding operating activities	-	-	641
Adjustments regarding investing activities:			
Depreciation	266	3,472	3,022
Amortization	24	307	240
Loss on sale of long-lived assets	14	186	170
Disposal of long-lived assets	9	124	372
Interest income	(22)	(286)	(433)
Adjustments regarding financing activities:			
Interest expenses	142	1,850	2,080
Foreign exchange loss, net	28	370	1,477
Monetary position gain, net	(37)	(488)	(658)
Derivative financial instruments (gain) loss	(24)	(318)	961
	1,390	18,146	16,239
Increase in accounts receivable	(30)	(394)	(179)
Decrease (increase) in inventories	3	33	(486)
(Increase) decrease in other assets	(8)	(99)	542
Increase in suppliers and other accounts payable	215	2,808	71
Decrease in other liabilities	(32)	(424)	(263)
Decrease in labor liabilities	(13)	(169)	(167)
Income tax paid	(235)	(3,061)	(3,618)
Net cash flows from operating activities	1,290	16,840	12,139
Investing Activities:			
Acquisition of Minas Gerais Ltda. “REMIL”, net of cash acquired (Note 5)	-	-	(3,633)
Acquisition of Brisa business (Note 5)	(55)	(717)	-
Acquisition of Agua de los Angeles business (Note 5)	-	-	(206)
Purchases of investment available-for-sale	(153)	(2,001)	-
Proceeds from sales of shares of Jugos del Valle (Note 9)	-	-	741
Interest received	22	286	433
Acquisition of long-lived assets	(440)	(5,752)	(4,608)
Proceeds from the sale of long-lived assets	49	638	532
Other assets	-	1	521
Intangible assets	(104)	(1,355)	(1,079)
Net cash flows from investing activities	(681)	(8,900)	(7,299)
Net cash flows available for financing activities	609	7,940	4,840
Financing Activities:			
Bank loans obtained	509	6,641	4,319
Bank loans repaid	(718)	(9,376)	(6,161)
Interest paid	(157)	(2,047)	(2,087)
Dividends declared and paid	(103)	(1,344)	(945)
Acquisition of noncontrolling interest	-	-	(223)
Other liabilities	7	97	(164)
Net cash flows from financing activities	(462)	(6,029)	(5,261)
Increase (decrease) in cash and cash equivalents	147	1,911	(421)
Translation and restatement effects	(20)	(262)	(538)
Initial cash and cash equivalents	474	6,192	7,542
Initial restricted cash	(30)	(391)	(238)
Initial balance, net	444	5,801	7,304
Increase (decrease) in restricted cash of the year	13	177	(153)
Ending balance of cash and cash equivalents	$ 584	Ps. 7,627	Ps. 6,192

The accompanying notes are an integral part of this consolidated statement of cash flows.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

COCA-COLA FEMSA, S.A.B. DE C.V. AND SUBSIDIARIES
For the year ended December 31, 2007. Amounts expressed in millions of constant Mexican pesos (Ps.).

	2007
Resources Provided by (Used in) Operating Activities:	
Consolidated net income	Ps. 7,103
Depreciation	2,586
Amortization and other non-cash charges	747
	10,436
Working capital:	
Accounts receivable	(1,653)
Inventories	(677)
Recoverable taxes and other current assets	169
Investment in shares available for sale	(684)
Suppliers	334
Accounts payable and other current liabilities	1,145
Labor liabilities	(109)
Net resources provided by operating activities	8,961
Resources Used in Investing Activities:	
Property, plant and equipment, net	(2,872)
Other assets	(810)
Investment in shares	(1,070)
Net resources used in investing activities	(4,752)
Resources (Used in) Provided by Financing Activities:	
Bank loans paid, net	(328)
Amortization in real terms of long-term liabilities	(974)
Dividends declared and paid	(831)
Contingencies and other liabilities	633
Cumulative translation adjustment	(241)
Net resources used in financing activities	(1,741)
Cash and cash equivalents:	
Net increase	2,468
Initial balance	5,074
Ending balance	Ps. 7,542

The accompanying notes are an integral part of this consolidated statement of changes in financial position.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

COCA-COLA FEMSA, S.A.B. DE C.V. AND SUBSIDIARIES
For the years ended December 31, 2009, 2008 and 2007.
Amounts expressed in millions of Mexican pesos (Ps.).

	Capital Stock	Additional Paid-in Capital	Retained Earnings from Prior Years
Balances at December 31, 2006	Ps. 3,116	Ps. 13,333	Ps. 23,469
Transfer of prior year net income	-	-	5,292
Dividends declared and paid (Note 21)	-	-	(831)
Comprehensive income	-	-	-
Balances at December 31, 2007	3,116	13,333	27,930
Transfer of prior year net income	-	-	6,908
Effect of changes in NIF B-10 (Note 2e)	-	-	42
Effect of changes in NIF D-3 (Note 2i)	-	-	-
Dividends declared and paid (Note 21)	-	-	(945)
Acquisitions of noncontrolling interest (Note 5)	-	(113)	-
Comprehensive income	-	-	-
Balances at December 31, 2008	3,116	13,220	33,935
Transfer of prior year net income	-	-	5,598
Dividends declared and paid (Note 21)	-	-	(1,344)
Comprehensive income	-	-	-
Balances at December 31, 2009	Ps. 3,116	Ps. 13,220	Ps. 38,189

The accompanying notes are an integral part of these consolidated statement of changes in shareholders' equity.

	Net Income	Cumulative Other Comprehensive Income (Loss)	Total Controlling Interest	Noncontrolling Interest in Consolidated Subsidiaries	Total Shareholders' Equity
Ps.	5,292	Ps (2,230)	Ps. 42,980	Ps. 1,475	Ps. 44,455
	(5,292)	-	-	-	-
	-	-	(831)	-	(831)
	6,908	83	6,991	166	7,157
	6,908	(2,147)	49,140	1,641	50,781
	(6,908)	-	-	-	-
	-	(42)	-	-	-
	-	98	98	-	98
	-	-	(945)	-	(945)
	-	-	(113)	(110)	(223)
	5,598	2,135	7,733	172	7,905
	5,598	44	55,913	1,703	57,616
	(5,598)	-	-	-	-
	-	-	(1,344)	-	(1,344)
	8,523	3,084	11,607	593	12,200
Ps.	8,523	Ps. 3,128	Ps. 66,176	Ps. 2,296	Ps. 68,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COCA-COLA FEMSA, S.A.B. DE C.V. AND SUBSIDIARIES
For the years ended December 31, 2009, 2008 and 2007.
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

Note 1. Activities of the Company.

Coca-Cola FEMSA, S.A.B. de C.V. (" Coca-Cola FEMSA" or "the Company") is a Mexican corporation, mainly engaged in acquiring, holding and transferring all types of bonds, capital stock, shares and marketable securities.

Coca-Cola FEMSA is indirectly owned by Fomento Economico Mexicano, S.A.B. de C.V. ("FEMSA"), which holds 53.7% of its capital stock and 63% of its voting shares and The Coca-Cola Company ("TCCC"), which indirectly owns 31.6% of its capital stock and 37% of the voting shares. The remaining 14.7% of Coca-Cola FEMSA's shares trade on the Bolsa Mexicana de Valores, S.A.B. de C.V. (BMV:KOFL) and the New York Stock Exchange, Inc. (NYSE: KOF).

Coca-Cola FEMSA and its subsidiaries (the "Company"), as an economic unit, are engaged in the production, distribution and marketing of certain Coca-Cola trademark beverages in Mexico, Central America (Guatemala, Nicaragua, Costa Rica and Panama), Colombia, Venezuela, Brazil and Argentina.

As of December 31, 2009 and 2008, the most significant Companies over which the Company exercises control are:

			Ownership Percentage	
Company	Activity	Country	**2009**	**2008**
Propimex, S.A. de C.V.	Manufacturing and distribution	Mexico	100.00%	100.00%
Controladora Interamericana de Bebidas, S.A. de C.V.	Holding	Mexico	100.00%	100.00%
Spal Industria Brasileira de Bebidas, S.A.	Manufacturing and distribution	Brazil	97.71%	97.95%
Coca-Cola Femsa de Venezuela, S.A.	Manufacturing and distribution	Venezuela	100.00%	100.00%

Note 2. Basis of Presentation.

The consolidated financial statements include the financial statements of Coca-Cola FEMSA and those companies over which it exercises control. All intercompany account balances and transactions have been eliminated in consolidation process.

The accompanying consolidated financial statements were prepared in accordance with Mexican Financial Reporting Standards ("Mexican FRS"), individually referred to as "NIFs," and are stated in millions of Mexican pesos ("Ps."). The translation of Mexican pesos into U.S. dollars ("$") is included solely for the convenience of the reader, using the noon buying exchange rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the U.S. Federal Reserve Board of 13.0576 pesos per U.S. dollar as of December 31, 2009.

The Company classifies its costs and expenses by function in the consolidated income statement, in order to conform to the industry practices where the Company operates. The income from operations line in the income statement is the result of subtracting cost of goods sold and operating expenses from total revenues and it has been included for a better understanding of the Company's financial and economic performance.

Figures presented for the year ended December 31, 2007, have been restated and translated to Mexican pesos with purchasing power at December 31, 2007, which is the date of the last comprehensive recognition of the effects of inflation in the financial information in the reporting entity. Beginning on January 1, 2008 and according to NIF B-10 (see Note 4a), only inflationary economic environments have to recognize inflation effects. As described in Note 4a, since 2008 the Company has operated in a non-inflationary economic

environment in the Mexican reporting entity. Figures as of December 31, 2008 and 2007 are presented as they were reported in prior years.

The accompanying consolidated financial statements and its notes were approved for issuance by the Company's Chief Executive Officer and Chief Financial Officer on June 10, 2010 and subsequent events have been considered through that date.

On January 1, 2009, 2008 and 2007 several new NIF's came into effect. Such changes and their application are described as follows:

a) NIF B-2, "Statement of Cash Flows":
In 2008, the Company adopted NIF B-2 "Statement of Cash Flows". As established in NIF B-2, the Consolidated Statement of Cash Flows is presented as part of these financial statements for the years ended December 31, 2009 and 2008. For the year ended December 31, 2007, NIF B-2 required the presentation of the Statement of Changes in Financial Position which is not comparable to the Statement of Cash Flows. The adoption of NIF B-2 also resulted in complementary disclosures not previously required.

b) NIF B-3, "Income Statement":
In 2007, NIF B-3 "Income Statement" went into effect. NIF B-3 establishes generic standards for presenting and structuring the statement of income, minimum content requirements and general disclosure standards.

c) NIF B-7, "Business Acquisitions":
In 2009, the Company adopted NIF B-7 "Business Acquisitions", which is an amendment to the previous Bulletin B-7 "Business Acquisitions". NIF B-7 establishes general rules for recognizing the fair value of net assets of businesses acquired as well as the fair value of non-controlling interests, at the purchase date. This statement differs from the previous Bulletin B-7 in the following ways: a) to recognize all assets and liabilities acquired at their fair value, including the non-controlling interest based on the acquirer accounting policies, b) acquisition-related costs and restructuring expenses should not be part of the purchase price, and c) changes to tax amounts recorded in acquisitions must be recognized as part of the income tax provision. This pronouncement was applied prospectively to business combinations for which the acquisition date is on or after January 1, 2009.

d) NIF B-8, "Consolidated and Combined Financial Statements":
In 2009, the Company adopted NIF B-8 "Consolidated or combined financial statements", which was issued in 2008, and amends Bulletin B-8 "Consolidated and combined financial statements and valuation of permanent share investments". NIF B-8 is similar to previous Bulletin B-8; however, this statement differs from the previous Bulletin B-7 in the following ways: a) defines control as the power to govern financial and operating policies, b) establishes that there are other facts, such as contractual agreements that have to be considered to determine whether an entity exercises control or not, c) defines "Specific-Purpose Entity" ("SPE"), as those entities that are created to achieve a specific purpose and are considered within the scope of this pronouncement, d) establishes new terms, such as "controlling interest" instead of "majority interest" and "non-controlling interest" instead "minority interest", and e) confirms that non-controlling interest must be assessed at fair value at the subsidiary acquisition date. NIF B-8 has been applied prospectively according to the previous Bulletin B-10 beginning on January 1, 2009.

e) NIF B-10, "Effects of Inflation":
In 2008, the Company adopted NIF B-10 "Effects of Inflation." Before 2008, the Company restated prior year's financial statements to reflect the impact of current period inflation for comparison purposes.
NIF B-10 establishes two types of inflationary environments: a) Inflationary Economic Environment; this is when cumulative inflation of the three preceding years is 26% or more, in such case, inflation effects should be recognized in the financial statements by applying the comprehensive method as described in NIF B-10; the recognized restatement effects for inflationary economic environments is made starting in the period that the entity becomes inflationary; and b) Non-Inflationary Economic Environment; this is when cumulative inflation of the three preceding years is less than 26%, in such case, no inflationary effects should be recognized in the financial statements, keeping the recognized restatement effects until the last period in which the inflationary accounting was applied.

NIF B-10 establishes that the results of holding non-monetary assets (RETANM) recognized in previous periods should be reclassified in retained earnings. On January 1, 2008, the amount of RETANM reclassified in retained earnings was Ps. 42 (see Consolidated Statements of Changes in Shareholders' Equity).

Through December 31, 2007, the Company accounted for inventories at specific cost. As a result of NIF B-10 adoption, beginning in 2008, the Company carries out the inventories valuation based on valuation methods described in Bulletin C-4 "Inventories" for non-inflationary environment subsidiaries. Inventories from subsidiaries companies that operate in inflationary environments are restated using inflation factors. The change in accounting for inventories impacted the consolidated income statement, through an increase to cost of goods sold of Ps. 350 as of December 31, 2008.

In addition, NIF B-10 eliminates the restatement of imported equipment by applying the inflation factors and exchange rate of the country where the asset was purchased. Beginning in 2008, these assets are recorded using the exchange rate of the acquisition date. Subsidiaries Companies that operate in inflationary environments should restate imported equipment using the inflation factors of the country where the asset is acquired. The change in this methodology did not significantly impact the consolidated financial statements of the Company.

f) NIF B-15, "Translation of Foreign Currencies":
In 2008, the Company adopted NIF B-15. NIF B-15 incorporates the concepts of recording currency, functional currency and reporting currency, and establishes the methodology to translate financial information of a foreign entity, based on those terms. Additionally, this rule is aligned with NIF B-10, which defines translation procedures of financial information from subsidiaries that operate in inflationary and non-inflationary environments. Prior to the application of this rule, translation of financial information from foreign subsidiaries was according to inflationary environments methodology. The adoption of this pronouncement was prospective and did not impact the consolidated financial statements of the Company.

g) NIF C-7, "Investments in Associates and Other Permanent Investments":
In 2009, the Company adopted NIF C-7 "Investments in Associates and Other Permanent Investments". NIF C-7 establishes general rules of accounting recognition for the investments in associates and other permanent investments not joint or fully controlled or significantly influenced by an entity. This pronouncement includes guidance to determine the existence of significant influence. Previous Bulletin B-8 "Consolidated and combined financial statements and valuation of permanent share investments", defined that permanent share investments were accounted for using the equity method if the entity held 10% or more of its outstanding shares. NIF C-7 establishes that permanent share investments should be accounted by equity method if: a) an entity holds 10% or more of a public entity, b) an entity holds 25% or more of a private company, and c) an entity exercise significant influence over the investments of a company, as described in NIF C-7. As disclosed in Note 9, the Company owns certain privately held investments for which it owns less than 25% but still applies the equity method of accounting as it has determined that it exercises significant influence over those entities. Accordingly, the adoption of NIF C-7 did not have an impact on the Company's consolidated financial statements.

h) NIF C-8, "Intangible Assets":
In 2009, the Company adopted NIF C-8 "Intangible Assets" which is similar to previous Bulletin C-8 "Intangible Assets". NIF C-8, establishes the rules of valuation, presentation and disclosure for the initial and subsequent recognition of intangible assets that are acquired individually or through acquisition of an entity, or generated internally in the course of the entity's operations. This NIF considers intangible assets as non-monetary items, broaden the criteria of identification to include not only if they are separable (asset could be sold, transferred or used by's the entity) but also whether they come from contractual or legal rights. NIF C-8 establishes that preoperative costs capitalized before this standard went into effect have to be accomplished with intangible assets characteristics, otherwise preoperative costs must be expensed as incurred. The adoption of NIF C-8 did not have an impact on the Company's consolidated financial statements.

The estimated total amount of the construction projects in process is Ps. 2,993, which is expected to be completed within a period not exceeding one year. At December 31, 2009 there are no commitments acquired for this project.

During 2009 the Company capitalized Ps. 55 in comprehensive financing results in relation to Ps. 845 in qualifying assets. Amounts were capitalized assuming an annual capitalization rate of 7.22% and an estimated life of the qualifying assets of seven years.

i) Mexican FRS D-3, "Employee Benefits":
In 2008, the Company adopted Mexican FRS D-3, which eliminates the recognition of the additional liability which resulted from the difference between obligations for accumulated benefits and the net projected liability. On January 1, 2008, the additional liability derecognized amounted to Ps. 421, from which Ps. 277 corresponds to the intangible asset and Ps. 98 to the majority cumulative other comprehensive income, net from its deferred tax of Ps. 45.

Through 2007, Bulletin D-3, "Labor Liabilities," required the presentation of labor liabilities financial expenses from labor obligations as part of income from operations. Beginning in 2008, NIF D-3 allows the presentation of financial expenses from labor liabilities as part of the comprehensive financing result. This change resulted in various reclassifications to the Company's 2007 consolidated statement of income so as to conform to 2008 and 2009's presentation. As of December 31, 2009, 2008 and 2007, the financial expenses from labor liabilities presented as part of the comprehensive financing result was Ps. 96, Ps. 81 and Ps. 41, respectively.

Through 2007, the labor costs of past services of severance indemnities and pension and retirement plans were amortized over the remaining labor life of employees. Beginning in 2008, NIF D-3 establishes a maximum five-year period to amortize the initial balance of the labor costs of past services of pension and retirement plans and the same amortization period for the labor cost of past service of severance indemnities, previously defined by Bulletin D-3 as unrecognized transition obligation and unrecognized prior service costs. As a result, the adoption of NIF D-3 increased the amortization of prior year service cost of severance indemnities by Ps. 23 in 2008 compared to 2007. This change did not impact prior service costs of pension and retirement plans amortization since the remaining amortization period as of the adoption date was already five years or less. For the years ended December 31, 2009, 2008 and 2007, labor cost of past services amounted to Ps. 1, Ps. (3) and Ps. 11, respectively; and were recorded within the operating income.

During 2007 actuarial gains and losses of severance indemnities were amortized during the personnel average labor life. Beginning in 2008, actuarial gains and losses of severance indemnities are registered in the operating income of the year they were generated and the balance of unrecognized actuarial gains and losses were recorded in other expenses (see Note 18). As of December 31, 2008, the unrecognized actuarial loss amounted to Ps. 137.

j) NIF D-6, "Capitalization of the Comprehensive Financing Result:
In 2007 the Company adopted NIF D-6. This standard establishes that the comprehensive financing result generated by borrowings obtained to finance investment projects must be capitalized as part of the cost of long-term assets when certain conditions are met and amortized over the estimated useful life of the related asset. As of December 31, 2009 the capitalized comprehensive financing result amounted to Ps. 55. The adoption of this standard did not have an impact on the Company's financial information in 2008 and 2007.

k) NIF D-8, "Share-Based Payments":
In 2009, the Company adopted Mexican FRS D-8 "Share-Based Payments" which establishes the recognition of share-based payments. When an entity purchases goods or pay services with equity instruments, the NIF D-8 requires the entity to recognize those goods and services at fair value and the corresponding increase in equity. If an entity cannot determine the fair value of goods and services, it should determine it using an indirect method, based on fair value of the equity instruments. This pronouncement substitutes for the supplementary use of IFRS 2 "Share-based payments". The adoption of NIF D-8 did not have an impact on the Company's consolidated financial statements.

Note 3. Incorporation of Foreign Subsidiaries.

The accounting records of foreign subsidiaries are maintained in the local currency and in accordance with the local accounting principles of each country. For incorporation into the Company's consolidated financial

statements, each foreign subsidiary's individual financial statements are adjusted to Mexican FRS and beginning in 2008, they are restated into Mexican pesos, as described as follows:

- For inflationary economic environments- the inflation effects of the country of origin are recognized, and the financial statements are subsequently translated into Mexican pesos using the year-end exchange rate.
- For non-inflationary economic environments- assets and liabilities are translated into Mexican pesos using the period-end exchange rate, shareholders' equity is translated into Mexican pesos using the historical exchange rate, and the income statement is translated using the average exchange rate of each month.

		Local Currencies to Mexican Pesos				
		Average Exchange Rate for		Exchange Rate as of December 31		
Country	Functional / Recording Currency	**2009**	**2008**	**2009**[1]	**2008**[1]	**2007**[1]
Mexico	Mexican peso	Ps. 1.00	Ps. 1.00	Ps. 1.00	Ps. 1.00	Ps. 1.00
Guatemala	Quetzal	1.66	1.47	1.56	1.74	1.42
Costa Rica	Colon	0.02	0.02	0.02	0.02	0.02
Panama	U.S. dollar	13.52	11.09	13.06	13.54	10.87
Colombia	Colombian peso	0.01	0.01	0.01	0.01	0.01
Nicaragua	Cordoba	0.67	0.57	0.63	0.68	0.57
Argentina	Argentine peso	3.63	3.50	3.44	3.92	3.45
Venezuela[2]	Bolivar	6.29	5.20	6.07	6.30	5.05
Brazil	Reais	6.83	6.11	7.50	5.79	6.13

(1) Year-end exchange rates used for translation of financial information.
(2) Equals 2.15 bolivars per one U.S. dollar, translated to Mexican pesos applying the average exchange rate or period-end rate. Refer to Note 29 for a discussion of a subsequent event impacting this exchange rate.

Prior to the adoption of NIF B-10 in 2008, translation of financial information from all foreign subsidiaries was performed according to the inflationary environments methodology described above.
Variances in the net investment in foreign subsidiaries generated in the translation process are included in the cumulative translation adjustment, which is recorded in shareholders' equity as a cumulative other comprehensive income item.

Beginning in 2003, the government of Venezuela established a fixed exchange rate control of 2.15 bolivars per U.S. dollar, which is the rate used by the Company to translate the financial statements of the Venezuelan subsidiaries. The Company has operated under exchange controls in Venezuela since 2003 that affect its ability to remit dividends abroad or make payments other than in local currencies and that may increase the real price to us of raw materials purchased in local currency.

Intercompany financing balances with foreign subsidiaries are considered as long-term investments, since there is no plan to pay down such financing in the foreseeable future. Monetary gain and losses and exchange gain and losses on these balances are recorded in equity as part of the cumulative translation adjustment, which is presented as part of cumulative other comprehensive income.

The translation of assets and liabilities denominated in foreign currencies into Mexican pesos is for consolidation purposes and does not indicate that the Company could realize or settle the reported value of those assets and liabilities in Mexican pesos. Additionally, this does not indicate that the Company could return or distribute the reported Mexican peso value equity to its shareholders.

Note 4. Significant Accounting Policies.

The Company's accounting policies are in accordance with Mexican FRS, which require that the Company's management use estimates and assumptions in valuing certain items included in the consolidated financial statements. The Company's management believes that the estimates and assumptions used were appropriate as of the date of these consolidated financial statements. However, actual results are dependent on the outcome of future events and uncertainties, which could materially affect the Company's real performance.
The significant accounting policies are as follows:

a) Recognition of the Effects of Inflation in Countries with Inflationary Economic Environments:
The Company recognizes the effects of inflation on the financial information of its subsidiaries that operate in inflationary economic environments (when cumulative inflation of the three preceding years is 26% or more) using the comprehensive method, which consists of:

• Using inflation factors to restate non-monetary assets, such as inventories, fixed assets, intangible assets, including related costs and expenses when such assets are consumed or depreciated;

• Applying the appropriate inflation factors to restate capital stock, additional paid-in capital and retained earnings by the necessary amount to maintain the purchasing power equivalent in Mexican pesos on the dates such capital was contributed or income was generated up to the date of these consolidated financial statements are presented; and

• Including the monetary position gain or loss in the comprehensive financing result (see Note 4t).

The Company restates the financial information of its subsidiaries that operate in inflationary economic environments using the consumer price index of each country.

As of December 31, 2009, the operations of the Company are classified as follows considering the cumulative inflation of the three preceding years. The following classification also applies to 2008:

	Inflation 2009	Cumulative Inflation 2006-2008	Type of Economy
Mexico	3.6%	15.0%	Non-Inflationary
Guatemala	(0.3)%	25.9%	Non-Inflationary
Colombia	2.0%	18.9%	Non-Inflationary
Brazil	4.1%	15.1%	Non-Inflationary
Panama	1.9%	16.0%	Non-Inflationary
Venezuela	25.1%	87.5%	Inflationary
Nicaragua	0.9%	45.5%	Inflationary
Costa Rica	4.0%	38.1%	Inflationary
Argentina	7.7%	27.8%	Inflationary

b) Cash, Cash Equivalents and Marketable Securities:
Cash and Cash Equivalents:
Cash consists of non-interest bearing bank deposits. Cash equivalents consist principally of short-term bank deposits and fixed-rate investments with original maturities of three months or less and are recorded at its acquisition cost plus interest income not yet received, which is similar to listed market prices. As of December 31, 2009, and 2008, cash equivalents were Ps. 6,192 and Ps. 4,303, respectively.

Marketable Securities:
Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each balance sheet date. Marketable debt securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive income. Interest and dividends on securities classified as available-for-sale are included in investment income. The fair values of the investments are readily available based on quoted market prices.

The following is a detail of available-for-sale securities:

December 31, 2009	Cost	Gross unrealized gain	Fair Value
Debt securities	Ps. 2,001	Ps. 112	Ps. 2,113

c) Allowance for doubtful accounts

Allowance for doubtful accounts is based on an evaluation of the aging of the receivable portfolio and the economic situation of the Company's clients, as well as the Company's historical loss rate on receivables and the economic environment in which the Company operates. The carrying value of accounts receivable approximates its fair value as of both December 31, 2009 and 2008.

d) Inventories and Cost of Goods Sold:
Inventories represent the acquisition or production cost which is incurred when purchasing or producing a product, and are valued using the average cost method. Advances to suppliers of raw materials are included in the inventory account.

Cost of goods sold is based on average cost of the inventories at the time of sale. Cost of goods sold includes expenses related to the purchase of raw materials used in the production process, as well as labor costs (wages and other benefits), depreciation of production facilities, equipment and other costs, including fuel, electricity, breakage of returnable bottles during the production process, equipment maintenance, inspection and plant transfer costs.

e) Other Current Assets:
Other current assets are comprised of payments for services that will be received over the next 12 months and the fair market value of derivative financial instruments with maturity dates of less than one year (see Note 4u). Prepaid expenses principally consist of advertising, promotional, leasing and insurance expenses, and are recognized in the income statement when the services or benefits are received.

Prepaid advertising costs consist of television and radio advertising airtime paid in advance. These expenses are generally amortized over a 12-month period based on the transmission of the television and radio spots. The related production costs are recognized in income from operations as of the first date the advertising is broadcasted.

Promotional costs are expensed as incurred, except for those promotional costs related to the launching of new products or presentations before it is on the market. These costs are recorded as prepaid expenses and amortized over the period during which they are estimated to increase sales of the related products or container presentations to normal operating levels, which is generally no longer than one year.

Additionally, as of December 31, 2009 and 2008, the Company has restricted cash as collateral against accounts payable in different currencies. Restricted cash is presented as part of other current assets due to its short-term nature (Note 8).

	2009	2008
Venezuelan bolivars	Ps. 161	Ps. 337
Brazilian reais	53	54
	Ps. 214	Ps. 391

f) Investment in Shares:
Investment in shares of associated companies over which the Company exercises significant influence are initially recorded at their acquisition cost and are subsequently accounted for using the equity method. Investment in affiliated companies over which the Company does not have significant influence are recorded at acquisition cost and restated using the consumer price index if that entity operates in an inflationary environment. The other investments in affiliated are valued at acquisition cost.

g) Returnable and Non-Returnable Bottles and Cases:
The Company has two types of bottles and cases; returnable and non-returnable.

• Non returnable: Are recorded in the results of operations at the time of product sale.

• Returnable: Are classified as long-lived assets as a component of property, plant and equipment. Returnable bottles and cases are recorded at acquisition cost for countries with inflationary economy then restated applying inflation factors as of the balance sheet date, according to NIF B-10.

There are two types of returnable bottles and cases:
• Those that are in the Company's control within its facilities, plants and distribution centers; and

• Those that have been placed in the hands of customers, but still belong to the Company.

Breakage of returnable bottles and cases within plants and distribution centers is recorded as an expense as incurred. The Company estimates that the expense for breakage of returnable bottles and cases in plants and distribution centers is similar to the depreciation of these assets, which is calculated over an estimated useful life of approximately four years for returnable glass bottles and plastic cases, and 18 months for returnable plastic bottles.

Returnable bottles and cases that have been placed in the hands of customers are subject to an agreement with a retailer pursuant to which the Company retains ownership. These bottles and cases are monitored by sales personnel during periodic visits to retailers and the Company has the right to charge any breakage identified to the retailer. Bottles and cases that are not subject to such agreements are expensed when placed in the hands of retailers.

The Company's returnable bottles and cases in the market and for which a deposit from customers has been received are presented net of such deposits, and the difference between the cost of these assets and the deposits received is depreciated according to their useful lives.

h) Property, Plant and Equipment, net:
Property, plant and equipment are initially recorded at their cost of acquisition and/or construction. The comprehensive financing result incurred to fund long-term assets investment is capitalized as part of the total acquisition cost.

Major renovations and betterment costs are capitalized as part of total acquisition cost. Routine maintenance and minor repair costs are expensed as incurred.

Construction in progress consists of long lived assets not yet placed into service.

Depreciation is computed using the straight-line method over acquisition cost. The Company estimates depreciation rates, considering the estimated remaining useful lives of the assets.

The estimated useful lives of the Company's principal assets are as follows:

	Years
Buildings and construction	40–50
Machinery and equipment	10–20
Distribution equipment	7–15
Refrigeration equipment	5–7
Other equipment	3–10

i) Other Assets:
Other assets represent payments whose benefits will be received in future years and consists of the following:
• Agreements with customers for the right to sell and promote the Company's products over a certain period.

The majority of the agreements have terms of more than one year, and the related costs are amortized using the straight-line method over the term of the contract, with the amortization presented as a reduction of net sales. During the years ended December 31, 2009, 2008 and 2007, such amortization aggregated to Ps. 604, Ps. 383 and Ps. 289, respectively. The costs of agreements with terms of less than one year are recorded as a reduction in net sales when incurred.

• Leasehold improvements are amortized using the straight-line method over the shorter of either the useful life of the assets or the related lease term. In countries considered inflationary, these assets are restated for inflation. The amortization of leasehold improvements for the years ended December 31, 2009, 2008 and

2007 was Ps. 20, Ps. 60 and Ps. 71, respectively.

j) Leases:
Building and equipment leases are capitalized if i) the contract transfers ownership of the leased asset to the lessee at the end of the lease, ii) the contract contains an option to purchase the asset at a reduced price, iii) the lease period is substantially equal to the remaining useful life of the leased asset (75% or more) or iv) the present value of future minimum payments at the inception of the lease is substantially equal to the market value of the leased asset, net of any residual value (90% or more).

When the inherent risks and benefits of a leased asset remains substantially with the lessor, leases are classified as operating and rent is charged to results of operations as incurred.

k) Intangible Assets:
Intangible assets represent payments whose benefits will be received in future years. These assets are classified as either intangible assets with defined useful lives or intangible assets with indefinite useful lives, in accordance with the period over which the Company expects to receive the benefits.

Intangible assets with defined useful lives are amortized and mainly consist of:

- Information technology and management system costs incurred during the development stage which are currently in use. Such amounts are capitalized and then amortized using the straight-line method over seven years. Expenses that do not fulfill the requirements for capitalization are expensed as incurred,
- Other computer system costs in the development stage, that are not yet in use. Such amounts are capitalized as they are expected to add value such as income or cost savings in the future. Such amounts will be amortized on a straight-line basis over their estimated economic life after they are placed into service.

Intangible assets with indefinite life are not amortized and are subject to impairment tests on an annual basis or more frequently if deemed necessary. These assets are recorded in the functional currency of the subsidiary in which the investment was made and are subsequently translated into Mexican pesos using the closing exchange rate of each period. Beginning in 2008, in countries with inflationary economic environments intangible assets are restated by applying inflation factors of the country of origin and are translated into Mexican pesos at the year-end exchange rate.

The Company's intangible assets with indefinite life mainly consist of rights to produce and distribute Coca-Cola trademark products in the Company's territories. These rights are contained in agreements that are standard contracts that The Coca-Cola Company has with its bottlers. In Mexico, the Company has four bottler agreements; the agreements for two territories expire in June 2013 and the agreements for the other two territories expire in May 2015. The Company's bottler agreements with The Coca-Cola Company will expire for our territories in the following countries: Argentina in September 2014; Brazil in April 2014; Colombia in June 2014; Venezuela in August 2016; Guatemala in March 2015; Costa Rica in September 2017; Nicaragua in May 2016; and Panama in November 2014. All of the Company's bottler agreements are renewable for ten-year terms. These bottler agreements are automatically renewable for ten-year terms, subject to the right of either party to give prior notice that it does not wish to renew the agreement. In addition, these agreements generally may be terminated in the case of material breach. Termination would prevent the Company from selling *Coca-Cola* trademark beverages in the affected territory and would have an adverse effect on our business, financial conditions, results of operations and prospects.

l) Impairment of Long-Lived Assets:
Depreciated tangible long-lived assets, such as property, plant and equipment are reviewed for impairment whenever certain circumstances indicate that the carrying amount of those intangible assets exceeds its recoverable value.

Amortized intangible assets, such as definite lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable through its expected future cash flows.

For assets with indefinite useful lives, such as distribution rights, the Company tests for impairment on an annual basis as well as whenever certain circumstances indicate that the carrying amount of those intangible assets exceeds its recoverable value. These evaluations are performed by comparing the carrying value of the assets with its recoverable amount. The recoverable amount is calculated using various recognized methodologies, primarily an evaluation of expected future cash flows.

For the years ended December 31, 2009, 2008 and 2007, the Company has not recorded any impairment related to its long-lived assets.

m) Payments from The Coca-Cola Company:
The Coca-Cola Company participates in certain advertising and promotional programs as well as in the Company's refrigeration equipment and returnable bottles investment program. Contributions received by the Company for advertising and promotional incentives are recognized as a reduction in selling expenses and contributions received for the refrigeration equipment and returnable bottles investment program are recorded as a reduction in the investment in refrigeration equipment and returnable bottles items. Contributions received were Ps. 1,945, Ps. 1,995 and Ps. 1,582 during the years ended December 31, 2009, 2008 and 2007, respectively.

n) Labor Liabilities:
Labor liabilities include obligations for pension and retirement plans, seniority premiums and severance indemnity liabilities other than restructuring, all based on actuarial calculations, and are computed using the projected unit credit method.

Costs related to compensated absences, such as vacations and vacation premiums, are accrued on a cumulative basis, for which an accrual is made.

Labor liabilities are considered to be non-monetary and are determined using long-term assumptions. The yearly cost of labor liabilities is charged to income from operations and labor cost of past services is recorded as expenses over the period during which the employees will receive the benefits of the plan.

Certain subsidiaries of the Company have established funds for the payment of pension benefits through irrevocable trusts of which the employees are named as beneficiaries.

o) Contingencies:
The Company recognizes a liability for a loss contingency when it is probable that certain effects related to past events, would materialize and can be reasonably quantified. These events and their financial impact are also disclosed as loss contingencies in the consolidated financial statements when the risk of loss is deemed to be other than remote. The Company does not recognize an asset for a gain contingency until the gain is realized. In connection with certain past business combinations, the Company has been indemnified by the sellers related to certain contingencies.

p) Revenue Recognition:
Sales of products are recognized as revenue upon delivery to the customer, and once the customer has taken ownership of the goods. Net sales reflect units delivered at list prices reduced by promotional allowances, discounts and the amortization of the agreements with customers to obtain the rights to sell and promote the Company's products.

During 2007 and 2008, the Company sold certain of its private label brands to The Coca-Cola Company. Because the Company has significant continuing involvement with these brands, proceeds received from The Coca-Cola Company were initially deferred and are being amortized against the related costs of future product sales over the estimated period of such sales. The balance of unearned revenues as of December 31, 2009 and 2008 amounted to Ps. 616 and Ps. 571, respectively. The short-term portions of such amounts are presented as other current liabilities, amounted Ps. 203 and Ps. 139 at December 31, 2009 and 2008, respectively.

q) Operating Expenses:

Operating expenses are comprised of administrative and selling expenses. Administrative expenses include labor costs (salaries and other benefits) of employees not directly involved in the sale of the Company's products, as well as professional service fees, the depreciation of office facilities and the amortization of capitalized information technology system implementation costs.

Selling expenses include:
- Distribution: labor costs (salaries and other benefits), outbound freight costs, warehousing costs of finished products, breakage of returnable bottles in the distribution process, depreciation and maintenance of trucks and other distribution facilities and equipment. For the years ended December 31, 2009, 2008 and 2007, these distribution costs amounted to Ps. 13,395, Ps. 10,468 and Ps. 9,085, respectively;
- Sales: labor costs (salaries and other benefits) and sales commissions paid to sales personnel;
- Marketing: labor costs (salaries and other benefits), promotional expenses and advertising costs.

r) Other Expenses:
Other expenses include Employee Profit Sharing ("PTU"), equity interest in affiliated companies, gains or losses on sales of fixed assets and contingencies reserves as well as their related subsequent interest and penalties, severance payments from restructuring programs and all other non-recurring expenses related to activities that are different from the Company's main business activities and that are not recognized as part of the comprehensive financing result.

PTU is applicable to Mexico and Venezuela. In Mexico, employee profit sharing is computed at the rate of 10% of the individual company taxable income, excluding the restatement of depreciation expense, foreign exchange gains and losses, which are not included until the asset is disposed of or the liability is due and other effects of inflation are also excluded. In Venezuela, employee profit sharing is computed at 15% of taxable income, not in excess of four months of salary per employee. The Company has not recorded a provision for deferred employee profit sharing during any of the periods presented herein as the Company does not expect the relevant deferred items to materialize.

Severance payments resulting from restructuring programs and associated with an ongoing benefit arrangement are charged to other expenses on the date when it is decided to dismiss personnel under a formal program or for specific causes. These severance payments are included in other expenses (see Note 18).

s) Income Taxes:
Income taxes (including deferred income taxes) are charged to results of operations as they are incurred. For the purposes of recognizing the effects of deferred income taxes in the consolidated financial statements, the Company utilizes both prospective and retrospective analysis of taxable income over the medium term when more than one tax regime exists per jurisdiction. The Company then recognizes the tax expense amount based on the tax regime it expects to be subject to in the future.

Deferred income tax assets and liabilities are recognized for temporary differences resulting from the comparison of the book values and tax values of assets and liabilities (including any future benefits from tax loss carry-forwards). Deferred income taxes are recorded by applying the income tax rate enacted at the balance sheet date that will be in effect when the deferred tax assets and liabilities are expected to be recovered or settled. Deferred income tax assets are reduced by a valuation allowance when it is more likely than not that they will not be recovered.

The balance of deferred taxes is comprised of both monetary and non-monetary items, based on the temporary differences that gave rise to them. Deferred income taxes are classified as a long-term asset or liability, regardless of when the temporary differences are expected to reverse.

On January 1, 2010 an amendment to Mexican Tax Reform was effective. The most important effects in the Company are described as follows: the value added tax rate (IVA) increases from 15% to 16%; and income tax rate changes from 28% in 2009 to 30% for 2010, 2011 and 2012, and then in 2013 and 2014 will decrease to 29% and 28%, respectively.

t) Comprehensive Financing Result:

The comprehensive financing result includes interest, foreign exchange gain and losses, market value gain or loss on ineffective portion of derivative financial instruments and gain or loss on monetary position, except for those amounts capitalized and those that are recognized as part of the cumulative other comprehensive income, and are described as follows:

- Interest: Interest income and expenses are recorded when earned or incurred except for capitalized interest incurred on the financing of long-term assets;

- Foreign Exchange Gains and Losses: Transactions in foreign currencies are recorded in local currencies using the exchange rate applicable on the date they occur. Assets and liabilities in foreign currencies are adjusted to the year-end exchange rate, recording the resulting foreign exchange gain or loss directly in the income statement, except for the foreign exchange gains or losses arising on intercompany financing foreign currency denominated balances, which are considered to be of a long-term investment nature and the foreign exchange gains or losses on the financing of long-term assets (see Note 3);

- Market Value Gain or Loss on Ineffective Portion of Derivative Financial Instruments: this represents the net change in the fair value of the ineffective portion of derivative financial instruments and the net change in the fair value of embedded derivative financial instruments; and

- Monetary Position Gain or Loss: Since 2008, the gain or loss on monetary position is the result of changes in the general price level of monetary accounts of those subsidiaries that operate in inflationary environments. Monetary position gain or loss is calculated by applying inflation factors of the country of origin to the net monetary position at the beginning of each month, excluding the intercompany financing in foreign currency, which is considered to be a long-term investment because of its nature (see Note 3), and the monetary position gain or loss on long-term debt taken on to finance long-term assets. Prior to 2008, gain or loss on monetary position was determined for all subsidiaries, regardless of their economic environment.

- As of December 31, 2009, the Company has capitalized Ps. 55 in comprehensive financing result. Capitalization of comprehensive financing result is based on a capitalization rate of 7.2% applied to the long-term assets investments that require one year or more for the Company to ready the asset for its intended use. For the years ended December 31, 2008 and 2007, the Company did not have qualifying assets and accordingly, did not capitalized comprehensive financing result.

u) Derivative Financial Instruments:
The Company is exposed to different risks related to cash flows, liquidity, market and credit. As a result, the Company contracts different derivative financial instruments in order to reduce its exposure to the risk of exchange rate fluctuations between the Mexican peso and other currencies, the risk of exchange rate and interest rate fluctuations associated with its borrowings denominated in foreign currencies and the exposure to the risk of fluctuation in the costs of certain raw materials.

The Company values and records all derivative financial instruments and hedging activities, including certain derivative financial instruments embedded in other contracts, in the balance sheet as either an asset or liability measured at fair value, considering quoted prices in recognized markets. If such instruments are not traded in a formal market, fair value is determined by applying techniques based upon technical models supported by sufficient, reliable and verifiable market data, recognized in the financial sector. Changes in the fair value of derivative financial instruments are recorded each year in current earnings or as a component of cumulative other comprehensive income based on the item being hedged and the effectiveness of the hedge.

As of December 31, 2009 and 2008, the balance in other current assets of derivative financial instruments was Ps. 26 and Ps. 407 (see Note 8), and in other assets Ps. 1 and Ps. 4 (see Note 12), respectively. The Company recognized liabilities regarding derivative financial instruments in other current liabilities of Ps. 22 and Ps. 1,151, as of the end of December 31, 2009 and 2008, respectively (see note 24a), and other liabilities of Ps. 497 and Ps. 19 for the same periods.

The Company designates its financial instruments as cash flow hedges at the inception of the hedging relationship, when transactions meet all hedging accounting requirements. For cash flow hedges, the effective

portion is recognized temporarily in cumulative other comprehensive income within stockholders' equity and subsequently reclassified to current earnings at the same time the hedged item is recorded in earnings. When derivative financial instruments do not meet all of the accounting requirements for hedging purposes, the change in fair value is immediately recognized in net income. For fair value hedges, the changes in the fair value are recorded in the consolidated results in the period the change occurs as part of the market value gain or loss on ineffective portion of derivative financial instruments.

The Company identifies embedded derivatives that should be segregated from the host contract for purposes of valuation and recognition. When an embedded derivative is identified and the host contract has not been stated at fair value the embedded derivative is segregated from the host contract, stated at fair value and is classified as trading. Changes in the fair value of the embedded derivatives at the closing of each period are recognized in the consolidated results.

v) Cumulative Other Comprehensive Income:
The cumulative other comprehensive income represents the period net income as described in NIF B-3 "Income Statement", plus the cumulative translation adjustment resulted from translation of foreign subsidiaries to Mexican pesos and the effect of unrealized gain/loss on cash flow hedges from derivative financial instruments.

The cumulative balances of the Company's components of controlling other comprehensive income (loss), net of deferred income taxes (see Note 23d), are as follows:

	2009	2008
Cumulative translation adjustment	Ps. 3,055	Ps. 118
Unrealized gain on marketable securities	76	-
Unrealized loss on cash flow hedges	(3)	(74)
	Ps. 3,128	Ps. 44

The changes in the cumulative translation adjustment balance were as follows:

	2009	2008
Initial balance	Ps. 118	Ps. (2,101)
Translation effect	2,877	2,143
Foreign exchange effect from intercompany long-term loans	60	76
Ending balance	Ps. 3,055	Ps. 118

w) Issuance of Subsidiary Stock:
The Company recognizes the issuance of a subsidiary's stock as a capital transaction. The difference between the book value of the shares issued and the amount contributed by the noncontrolling interest holder or third party is recorded as additional paid-in capital.

x) Earnings per Share:
Earnings per share are computed by dividing net controlling income by the average weighted number of shares outstanding during the period.

Note 5. Acquisitions.

The Company made certain business acquisitions that were recorded using the purchase method. The results of the acquired operations have been included in the consolidated financial statements since the date on which the Company obtained control of the business, as disclosed below. Therefore, the consolidated income statements and the consolidated balance sheets are not comparable with previous periods.

i) In February, 2009, the Company along with The Coca-Cola Company completed the acquisition of certain assets of the Brisa bottled water business in Colombia. This acquisition was made so as to strengthen the Company position in the local water business in Colombia. The Brisa bottled water business was previously owned by a subsidiary of SABMiller. The terms of the transaction called for an initial purchase price of $92, of which $46 was paid by the Company and $46 by The Coca-Cola Company. The Brisa brand and certain other intangible assets were acquired by The Coca-Cola Company, while production related property and equipment

and inventory was acquired by the Company. The Company also acquired the distribution rights over Brisa products in its Colombian territory. In addition to the initial purchase price, contingent purchase consideration also existed related to the net revenues of the Brisa bottled water business subsequent to the acquisition. The total purchase price incurred by the Company was Ps. 730, consisting of Ps. 717 in cash payments, and accrued liabilities of Ps. 13. Transaction related costs were expensed by the Company as incurred as required by Mexican FRS. Following a transition period, Brisa was included in operating results beginning June 1, 2009. The estimated fair value of the Brisa net assets acquired by the Company is as follows:

Production related property and equipment, at fair value	Ps.	95
Distribution rights, at relative fair value, with an indefinite life		635
Net assets acquired / purchase price	Ps.	730

The results of operation of Brisa for the period from the acquisition through December 31, 2009 were not material to the Company´s consolidated results of operations.

ii) In July 2008, the Company acquired certain assets of the Agua de Los Angeles business, which sells and distributes water in the Valley of Mexico, for Ps. 206, net of cash received. This acquisition was made so as to strengthen the Company position in the local water business in Mexico, through the merger with our jug water business under the Ciel brand. Based on the purchase price allocation, the Company identified intangible assets with indefinite life of Ps. 18 consisting of distribution rights and intangible assets of definite life of Ps. 15 consisting of a non-compete right, amortizable in the following five years.

iii) In May 2008, the Company concluded the acquisition of 100% of the voting shares of Refrigerantes Minas Gerais Ltda., "REMIL," in Brazil from The Coca-Cola Company for a total of Ps. 3,059 net of cash received, assuming liabilities for Ps. 1,966. The Company had an additional account payable to The Coca-Cola Company of Ps. 574 which was considered a component of the Ps. 3,633 purchase price. The Company identified intangible assets with indefinite lives consisting of distribution rights based on the purchase price allocation of Ps. 2,242. Total cash included in REMIL as of the date of acquisition was Ps. 220. This acquisition was made so as to strengthen the Company position in the local soft drinks business in Brazil.
The estimated fair value of the REMIL net assets acquired by the Company is as follows:

Total current assets	Ps.	881
Total long-term assets, mainly property and equipment		1,902
Distribution rights		2,242
Total current liabilities		(1,152)
Total long-term liabilities		(814)
Net assets acquired	Ps.	3,059

The condensed income statement of REMIL for the seven-month period from June 1 to December 31, 2008 is as follows:

Income Statement		
Total revenues	Ps.	3,169
Income from operations		334
Loss before taxes		(10)
Net loss	Ps.	(45)

iv) In January 2008, a reorganization of the Colombian operations occurred by way of a spin-off of the previous non controlling interest shareholders. The total amount paid to the non controlling interest shareholders for the buy-out was Ps. 213.

v) In November 2007, Administración S.A.P.I. de C.V. ("Administración SAPI"), a Mexican joint operation 50%-owned by the Company and 50%-owned by The Coca-Cola Company, purchased 58,350,908 shares in Jugos del Valle, S.A.B. de C.V. (currently Jugos del Valle, S.A.P.I. de C.V.) ("Jugos del Valle") to acquire a 100%

equity interest in Jugos del Valle. Administración SAPI paid Ps. 4,020 for Jugos del Valle and assumed liabilities of Ps. 934.

Subsequent to the initial acquisition of Jugos del Valle by Administración SAPI, the Company offered to sell approximately 30% of its interest in Administración SAPI to Coca-Cola bottlers in Mexico. During 2008, the Company recorded investment in shares of 19.8% of the capital stock of Administración SAPI which represents the Company's remaining investment after the sale of its 30.2% holding in Administración SAPI to other Coca-Cola bottlers. After this, Administración SAPI merged with Jugos del Valle being the surviving entity, subsisting Jugos del Valle.

vi) In November, 2007, the Company's Argentine subsidiary reached a binding agreement to acquire all outstanding shares of Complejo Industrial Can, S.A. ("CICAN") in a transaction valued at Ps. 51. CICAN manufactures packaging for various brands of soft drinks.

vii) Unaudited Pro Forma Financial Data.
The results of operations of Brisa for both the years ended December 31, 2009 and 2008 were not material to the Company's consolidated results of operations for those periods. Accordingly, pro forma 2009 and 2008 financial data considering the acquisition of Brisa as of January 1, 2008 has not been presented herein.
The following unaudited consolidated pro forma financial data represent the Company's historical financial statements, adjusted to give effect to (i) the acquisition of REMIL mentioned in the preceding paragraphs; and (ii) certain accounting adjustments mainly related to the pro forma depreciation of fixed assets of the acquired Company.

The unaudited pro forma adjustments assume that the acquisition was made at the beginning of the year immediately preceding the year of acquisition and are based upon available information and other assumptions that management considers reasonable. The pro forma financial information data does not purport to represent what the effect on the Company's consolidated operations would have been, had the transactions in fact occurred at the beginning of each year, nor are they intended to predict the Company's future results of operations.

	Unaudited pro forma consolidated financial data for the years ended December 31	
	2008	**2007**
Total revenues	Ps. 84,920	Ps. 73,890
Income before taxes	8,835	10,976
Net income	6,210	7,457
Earnings per share	3.24	3.93

Note 6. Accounts Receivable, net.

	2009	**2008**
Trade receivables	Ps. 4,253	Ps. 3,339
Short-term trade customer notes receivable	234	200
Allowance for doubtful accounts	(215)	(185)
The Coca-Cola Company (related party) (Note 13)	1,034	959
Jugos del Valle[(1)] (Formerly Administracion S.A.P.I.) (related party) (Note 13)	2	368
FEMSA and subsidiaries (Note 13)	228	143
Other related parties (Note 13)	-	12
Other	395	404
	Ps. 5,931	Ps. 5,240

(1) Includes funds provided for the working capital of Jugos del Valle.

The changes in the allowance for doubtful accounts are as follows:

	2009	**2008**	**2007**
Opening balance	Ps. 185	Ps. 152	Ps. 145

Allowance for the year	78	184	33
Charges and write-offs of uncollectible accounts	(73)	(150)	(3)
Restatement of beginning balance in inflationary economies	25	(1)	(23)
Ending balance	Ps. 215	Ps. 185	Ps. 152

Note 7. Inventories, net.

	2009	2008
Finished products	Ps. 1,638	Ps. 1,250
Raw materials	2,103	2,127
Spare parts	547	404
Packing material	138	84
Inventories in transit	381	376
Allowance for obsolescence	(102)	(72)
Other	297	144
	Ps. 5,002	Ps. 4,313

Note 8. Other Current Assets.

	2009	2008
Advertising and deferred promotional expenses	Ps. 190	Ps. 209
Derivative financial instruments (Note 19)	26	407
Restricted cash (Note 4 e)	214	391
Prepaid insurance	16	26
Prepaid expenses	16	28
Advance for services	142	93
Assets availabe for sale	325	-
Other	261	151
	Ps. 1,190	Ps. 1,305

Advertising and deferred promotional expenses recorded in the consolidated income statements for the years ended December 31, 2009, 2008 and 2007 amounted to Ps. 3,278, Ps. 2,376 and Ps. 2,034, respectively.

Note 9. Investment in Shares.

Investee	Ownership%	2009	2008
Industria Envasadora de Queretaro, S.A. de C.V.("IEQSA")[1][3]	13.5%	Ps. 78	Ps. 112
Jugos del Valle, S.A.P.I. de C.V.[1][3] (Note 5)	19.8%	1,162	1,101
KSP Partiçipações, LTDA[1]	38.7%	88	62
Sucos del Valle do Brasil, LTDA[3]	19.9%	325	-
Mais Industria de Alimentos, LTDA[3]	19.9%	289	-
Holdfab Partiçipações, LTDA[1][3]	33.1%	-	359
Estancia Hidromineral Itabirito, LTDA[1]	50.0%	76	-
Industria Mexicana de Reciclaje, S.A. de C.V.[1]	35.0%	76	79
Compañía de Servicios de Bebidas Refrescantes S.A. de C.V. ("Salesko")[1]	26.0%	-	7
Beta San Miguel, S.A. de C.V. ("Beta San Miguel")[2]	2.6%	69	69
Other	Various	7	8
		Ps. 2,170	Ps. 1,797

Accounting method:
(1) Equity method. The date of the financial statements of the investees used to account for the equity method is December 2009 and 2008.
(2) Acquisition cost.
(3) The Company has significant influence due to the fact that it has representation on the board and the operating decisions of the investee.

During the year ended December 31, 2009, Holdfab Partiçipações, LTDA restructured its operations resulting in the spin-off of two separate companies, Sucos del Valle do Brasil, LTDA and Mais Industria de Alimentos, LTDA, which the Company now owns 19.9% of each.

The Company recognized other income of Ps. 4 regarding to its interest in Jugos del Valle which is accounted for using the equity method.

The following is relevant financial information from Jugos del Valle as of December 31, 2009 and 2008.

	2009	2008
Total assets	Ps. 6,961	Ps. 7,109
Total liabilities	1,092	1,551
Total stockholders' equity	5,869	5,558

	2009	2008
Total revenues	Ps. 5,052	Ps. 3,991
Income before taxes	59	265
Net income before discontinuing operations	7	124
Discontinuing operations	11	271
Net income	18	395

Note 10. Property, Plant and Equipment, net.

	2009	2008
Land	Ps. 3,661	Ps. 3,546
Buildings, machinery and equipment	40,712	37,389
Accumulated depreciation	(21,193)	(18,966)
Refrigeration equipment	9,180	7,756
Accumulated depreciation	(6,016)	(5,336)
Returnable bottles and cases	2,580	2,117
Accumulated depreciation	(666)	(495)
Strategic spare parts	527	400
Accumulated depreciation	(195)	(101)
Construction in progress (See Note 4h)	2,364	1,532
Long-lived assets stated at net realizable value	288	394
	Ps. 31,242	Ps. 28,236

Depreciation of property, plant and equipment for the years ended as of December 31, 2009, 2008 and 2007 was Ps. 3,472 Ps. 3,022 and Ps. 2,586, respectively.

The Company has identified certain long-lived assets that are not strategic to its current or future business and are not being used. Such assets are comprised of land, buildings and equipment, in accordance with an approved program for the disposal of certain investments. These long-lived assets have been recorded at their estimated net realizable value without exceeding their acquisition cost, as shown below by location:

	2009	2008
Mexico	Ps. -	Ps. 276
Brazil	23	18
Venezuela	265	100
	Ps. 288	Ps. 394
Land	Ps. 23	Ps. 97
Buildings, machinery and equipment	265	297
	Ps. 288	Ps. 394

As a result of selling certain long-lived assets, the Company recognized losses, of Ps. 187, Ps. 170 and Ps. 169 for the years ended December 31, 2009, 2008 and 2007, respectively.
The estimated total amount of the construction projects in process is Ps. 2,993, which is expected to be completed within a period not exceeding one year. At December 31, 2009 there are no commitments acquired for these projects.

During 2009 the Company capitalized Ps. 55 in comprehensive financing costs in relation to Ps. 845 in qualifying assets. Amounts were capitalized assuming an annual capitalization rate of 7.2% and an estimated life of the qualifying assets of seven years. For the years ended December 31, 2009, 2008 and 2007 the comprehensive financing result is analyzed as follows:

	2009	2008	2007
Comprehensive financing result	Ps. 1,428	Ps. 3,552	Ps. 345
Amount capitalized	55	-	-
Net amount in income statements	Ps. 1,373	Ps. 3,552	Ps. 345

Note 11. Intangible Assets, net.

	2009	2008
Unamortized intangible assets:		
Rights to produce and distribute Coca-Cola trademark products in the territories of:		
Mexico, Central America[(1)], Venezuela, Colombia and Brazil	Ps. 45,326	Ps. 44,037
Argentina, Buenos Aires	297	313
Mexico, Tapachula, Chiapas	132	132
Costa Rica, Compañía Latinoamericana de Bebidas	133	136
Argentina (CICAN) (Note 5)	14	14
Mexico (Agua de los Angeles) (Note 5)	18	18
Brazil (REMIL) (Note 5)	2,905	2,242
Colombia (Brisa) (Note 5)	695	-
Amortized intangible assets:		
Systems in development costs	1,188	333
Cost of systems implementation, net	179	214
Other	11	14
	Ps. 50,898	Ps. 47,453

(1) Includes Guatemala, Nicaragua, Costa Rica and Panama.

The changes in the carrying amount of unamortized intangible assets are as follows:

	2009	2008	2007
Beginning balance	Ps. 46,892	Ps. 42,225	Ps. 40,838
Acquisitions	695	2,260	12
Translation adjustment of foreign currency denominated intangible assets	1,933	2,407	1,375
Ending balance	Ps. 49,520	Ps. 46,892	Ps. 42,225

Research expenses charged to operating results for the year ended as of December 31, 2007 were Ps. 165. During the years ended as of December 31, 2009 and 2008, there was no research expenses charged to operating results.

The changes in the carrying amount of amortized intangible assets are as follows:

	Investments Accumulated at the Beginning of the Year	Additions	Amortization Accumulated at the Beginning of the Year	For the Year	Net	Estimated Amortization Per Year
2009						
Systems in development costs	Ps. 333	Ps. 855	Ps. -	Ps. -	Ps. 1,188	Ps. 170

Cost of systems implementation, net	558	136	(344)	(171)	179	18
Other	15	-	(1)	(3)	11	3
2008						
Systems in development costs	Ps. -	Ps. 333	Ps. -	Ps. -	Ps. 333	Ps. -
Cost of systems implementation, net	482	76	(249)	(95)	214	107
Other	-	15	-	(1)	14	-
2007						
Cost of systems implementation, net	Ps. 408	Ps. 74	Ps. (182)	Ps. (67)	Ps. 233	Ps. 70

The estimated amortization of future year of intangible assets with defined useful lives is as follows:

	2010	2011	2012	2013	2014
Systems amortization	Ps. 254	Ps. 223	Ps. 193	Ps. 164	Ps. 159
Others	3	3	3	2	-

Note 12. Other Assets.

	2009	2008
Agreements with customers, net (Note 4i)	Ps. 260	Ps. 146
Leasehold improvements, net	59	44
Long-term accounts receivable	16	15
Derivative financial instruments (Note 19)	1	4
Loan fees, net	7	10
Long-term prepaid advertising expenses	106	82
Tax credits	-	186
Guarantee deposits	854	160
Prepaid bonuses	86	91
Other	304	496
	Ps. 1,693	Ps. 1,234

Note 13. Balances and Transactions with Related Parties and Affiliated Companies.

On January 1, 2007, NIF C-13, “Related Parties,” came into effect. This standard broadens the concept of “related parties” to include: a) the overall business in which the reporting entity participates; b) close family members of key officers; and c) any fund created in connection with a labor related compensation plan. Additionally, NIF C-13 requires that entities provide comparative disclosures of their intercompany balances and transactions in the notes to the financial statements.

The consolidated balance sheets and income statements include the following balances and transactions with related parties and affiliated companies:

Balances	2009	2008
Assets (included in accounts receivable)		
FEMSA and subsidiaries	Ps. 157	Ps. 143
The Coca-Cola Company	1,034	959
Others	7	380
	Ps. 1,198	Ps. 1,482
Liabilities (included in suppliers and other liabilities and loans)		
FEMSA and subsidiaries	Ps. 534	Ps. 1,803
The Coca-Cola Company	2,405	2,659
BBVA Bancomer, S.A.[(1)]	1,000	1,000
Banco Nacional de Mexico, S.A.[(1)]	500	500
Other	344	230
	Ps. 4,783	Ps. 6,192

Balances due from related parties are considered to be recoverable. Accordingly, for the years ended December 31, 2009, 2008 and 2007, there was no expense resulting from the uncollectibility of balances due from related parties.

Transactions	2009	2008	2007
Income:			
Sales to affiliated parties	Ps. 1,300	Ps. 1,068	Ps. 863
Expenses:			
Purchases of raw material, beer, assets and operating expenses with FEMSA and subsidiaries	5,941	5,010	4,184
Purchases of concentrate from The Coca-Cola Company	16,863	13,518	12,239
Advertisement expenses refunded to The Coca-Cola Company	780	931	940
Purchases of sugar from Beta San Miguel	713	687	845
Purchase of sugar, cans and caps from Promotora Mexicana de Embotelladores, S.A. de C.V.	783	525	723
Purchases from Jugos del Valle	1,044	863	-
Purchase of canned products from IEQSA and CICAN[(2)]	208	333	518
Interest paid to The Coca-Cola Company	25	27	29
Purchase of plastic bottles from Embotelladora del Atlántico, S.A. (formerly Complejo Industrial Pet, S.A.)	54	42	37
Interest expenses related to debt with BBVA Bancomer, S.A.[(1)]	65	86	92
Interest expenses related to debt with Banco Nacional de Mexico, S.A.[(1)]	33	43	47
Donations to Instituto Tecnologico y de Estudios Superiores de Monterrey, A.C.[(1)]	38	24	39
Insurance premiums for policies with Grupo Nacional Provincial, S.A.B.[(1)]	39	32	-
Other expenses with related parties	17	15	5

(1) One or more members of the Board of Directors or senior management of the Company are also members of the Board of Directors or senior management of the counterparties to these transactions.

(2) In November 2007, the Company acquired all outstanding shares of CICAN (Note 5).

The benefits and aggregate compensation paid to executive officers and senior management of the Company were as follows:

	2009	2008	2007
Short- and long-term benefits paid	Ps. 762	Ps. 665	Ps. 584
Severance indemnities	41	10	8

Note 14. Balances and Transactions in Foreign Currencies.

In accordance with NIF B-15, assets, liabilities and transactions denominated in foreign currencies are those realized in a currency different than the recording, functional or reporting currency of each reporting unit. As of the end of December 31, 2009 and 2008, assets, liabilities and transactions denominated in foreign currencies, expressed in Mexican pesos are as follows:

	2009			2008		
Balances	U.S. Dollars	Euros	Total	U.S. Dollars	Euros	Total

Assets								
Short-term	Ps. 5,234	Ps. -	Ps. 5,234	Ps. 2,759	Ps. -	Ps. 2,759
Long-term	17	-	17	32	-	32
Liabilities						
Short-term	1,392	17	1,409	5,316	10	5,326
Long-term	2,877	-	2,877	2,944	-	2,944

Transactions	U.S. Dollars	Euros	Total	U.S. Dollars	Euros	Total
Revenues	Ps. 571	Ps. -	Ps. 571	Ps. 418	Ps. -	Ps. 418
Expenses:						
Purchases of raw materials	Ps. 6,907	Ps. -	Ps. 6,907	Ps. 6,354	Ps. -	Ps. 6,354
Interest expense	148	-	148	238	-	238
Assets acquisitions	173	-	173	530	39	569
Other	682	-	682	400	-	400
	Ps. 7,910	Ps. -	Ps. 7,910	Ps. 7,522	Ps. 39	Ps. 7,561

As of June 9, 2010, the exchange rate published by “Banco de México” was Ps. 12.9288 Mexican pesos per one U.S. Dollar, and the foreign currency position was similar to that as of December 31, 2009.

Note 15. Labor Liabilities.

The Company has various labor liabilities in connection with pension, seniority and severance benefits. Benefits vary depending upon country.

a) Assumptions:

The Company annually evaluates the reasonableness of the assumptions used in its labor liability computations. Actuarial calculations for the liability for pension and retirement plans, seniority premiums and severance indemnities, as well as the net cost of labor obligations for the period, were determined using the following long-term assumptions:

	2009 Real rates for inflationary countries	**2009** Nominal rates for noninflationary countries	**2008** Real rates for inflationary countries	**2008** Nominal rates for noninflationary countries	**2007** Real rates for all countries
Annual discount rate	1.5% - 3.0%	6.5% - 9.8%	4.5%	8.2%	4.5%
Salary increase	1.5%	4.5% - 8.0%	1.5%	5.1%	1.5%
Estimated return on plan assets	1.5% - 3.0%	8.2% - 9.8%	4.5%	11.3%	4.5%

The long-term rate of return associated with the return on assets percentages shown above were determined based on an historical analysis of average returns in real terms for the last 30 years of Mexican Federal Government Treasury Bond (known as CETES in Mexico) and in the case of investments in foreign markets, the performance of the treasury bill of the country in question, as well as the expected long-term yields of the Company’s current pension plan investment portfolio.

Based on these assumptions, the amounts of benefits expected to be paid out in the following years are as follows:

	Pension and Retirement Plans	Seniority Premiums	Severance Indemnities
2010	Ps. 43	Ps. 6	Ps. 80
2011	37	5	71
2012	37	5	67

2013	41	6	64
2014	37	6	62
2015 to 2020	323	46	272

b) Balances of the Liabilities:

	2009	2008
Pension and retirement plans:		
Vested benefit obligation	Ps. 518	Ps. 434
Non-vested benefit obligation	509	496
Accumulated benefit obligation	1,027	930
Projected benefit obligation	1,424	1,351
Pension plan funds at fair value	(727)	(517)
Unfunded projected benefit obligation	697	834
Unrecognized past services	(209)	(219)
Unamortized actuarial net loss	211	8
Total	Ps. 699	Ps. 623
Seniority premiums:		
Vested benefit obligation for personnel with more than 15 years seniority	2	2
Non-vested benefit obligation for personnel with less than 15 years seniority	52	48
Accumulated benefit obligation	54	50
Unfunded projected benefit obligation	85	79
Unrecognized actuarial net loss	(12)	(16)
Total	Ps. 73	Ps. 63
Severance indemnities:		
Accumulated benefit obligation	358	328
Projected benefit obligation	426	392
Unrecognized net transition obligation	(109)	(142)
Total	317	250
Total labor liabilities	Ps. 1,089	Ps. 936

Accumulated actuarial gains and losses are generated by differences in the assumptions used for the actuarial calculations at the beginning of the year versus the actual behavior of those variables at the end of the year.

c) Trust Assets:
Trust assets consist of fixed and variable-return financial instruments recorded at market value. Trust assets are invested as follows:

Type of instrument	2009	2008
Fixed Return:		
Traded securities	3%	6%
Bank instruments	3%	4%
Federal government instruments	81%	80%
Variable Return:		
Publicly-traded shares	13%	10%
	100%	100%

The Company has a policy of maintaining at least 30% of trust assets in Mexican Federal government instruments. Objective portfolio guidelines have been established for the remaining percentage, and investment

decisions are made to comply with those guidelines to the extent that market conditions and available funds allow.

The amounts of securities of the Company and related parties included in plan assets are as follows:

	2009	2008
Portfolio:		
Coca-Cola FEMSA, S.A.B. de C.V.	Ps. 2	Ps. -
Grupo Industrial Bimbo, S.A.B. de C.V.	2	-
FEMSA, S.A.B. de C.V.	-	2

During the years ended December 31, 2009, 2008 and 2007, the Company did not make significant contributions to the plan assets and does not expect to make material contributions to the plan assets during the following fiscal year.

d) Net Cost for the Year:

	2009	2008	2007
Pension and retirement plans:			
Service cost	Ps. 88	Ps. 78	Ps. 69
Interest cost	115	97	48
Expected return on trust assets	(51)	(54)	(21)
Amortization of unrecognized transition obligation loss (gain)	1	(2)	-
Amortization of net actuarial loss	11	10	9
	164	129	105
Seniority premiums:			
Service cost	11	11	10
Interest cost	6	6	3
Actuarial loss recognized in other expenses	-	17	-
Amortization of net actuarial loss	-	1	2
	17	35	15
Severance indemnities:			
Service cost	47	57	28
Interest cost	26	32	11
Actuarial loss recognized in other expenses	-	143	-
Amortization of unrecognized transition obligation	36	37	14
Amortization of net actuarial loss	23	17	5
	132	286	58
	Ps. 313	Ps. 450	Ps. 178

e) Changes in the Balance of the Obligations:

	2009	2008
Pension and retirement plans:		
Initial balance	Ps. 1,351	Ps. 1,188
Service cost	88	78
Interest cost	115	97
Actuarial (gain) loss	(147)	12
Foreign exchange rate valuation loss	103	40
Benefits paid	(86)	(64)
Ending balance	1,424	1,351
Seniority premiums:		
Initial balance	79	77
Service cost	11	11
Interest cost	6	6
Actuarial gain	(4)	(8)
Benefits paid	(7)	(7)
Ending balance	85	79
Severance indemnities:		

Initial balance	392	308
Service cost	47	57
Interest cost	26	32
Actuarial loss	24	64
Benefits paid	(63)	(69)
Ending balance	426	392

f) Changes in the Balance of the Trust Assets:

	2009	2008
Pension and retirement plans:		
Initial balance	Ps. 517	Ps. 566
Actual return on trust assets	108	(28)
Employer contributions	-	-
Foreign exchange rate valuation loss (gain)	110	(19)
Benefits paid	(8)	(2)
Ending balance	Ps. 727	Ps. 517

Note 16. Bonus Program.

The bonus program for executives is based on complying with certain goals established annually by management, which include quantitative and qualitative objectives and special projects.

The quantitative objectives represent approximately 50% of the bonus and are based on the Economic Value Added ("EVA") methodology. The objective established for the executives at each entity is based on a combination of the EVA generated by the Company and FEMSA consolidated, calculated at approximately 70% and 30%, respectively. The qualitative objectives and special projects represent the remaining 50% of the annual bonus and are based on the critical success factors established at the beginning of the year for each executive.

In addition, the Company provides a defined contribution plan of share compensation to certain key executives, consisting of an annual cash bonus to purchase FEMSA shares or options, based on the executive's responsibility in the organization, their business' EVA result achieved, and their individual performance. The acquired shares or options are deposited in a trust, and the executives may access them one year after they are vested at 20% per year. The 50% of Coca-Cola FEMSA's annual executive bonus is to be used to purchase FEMSA shares or options and the remaining 50% to purchase Coca-Cola FEMSA shares or options. As of December 31, 2009, 2008 and 2007, no options have been granted to employees.

The incentive plan target is expressed in months of salary, and the final amount payable is computed based on a percentage of compliance with the goals established every year. The bonuses are recorded to income from operations and are paid in cash the following year. During the years ended December 31, 2009, 2008 and 2007, the bonus expense recorded amounted to Ps. 630, Ps.525 and Ps.526, respectively.

Note 17. Bank Loans and Notes Payable.

	At December 31, 2009							
	2010	2011	2012	2013	2014	Thereafter	Carrying Value	December 2008
Short-term debt:								
Argentine pesos								
Bank loans	Ps. 1,179	Ps. -	Ps. -	Ps. -	Ps. -	Ps. -	Ps. 1,179	Ps. 816
Interest rate[1]	20.7%	-	-	-	-	-	20.7%	19.6%
Colombian pesos								
Bank loans	496	-	-	-	-	-	496	797
Interest rate[1]	4.9%	-	-	-	-	-	4.9%	14.9%
Venezuelan Bolivars								
Bank loans	741	-	-	-	-	-	741	365
Interest rate[1]	18.1%	-	-	-	-	-	18.1%	22.2%
Brazilian Reais								
Notes payable	-	-	-	-	-	-	-	21
Interest rate[1]	-	-	-	-	-	-	-	(Various)
U.S. dollars								
Notes payable	-	-	-	-	-	-	-	4
Interest rate[1]	-	-	-	-	-	-	-	7.0%
Subtotal	Ps. 2,416	-	-	-	-	-	Ps. 2,416	Ps. 2,003
Long-term debt:								
Fixed rate debt:								
U.S. dollars								
Senior notes	-	-	-	-	-	-	-	Ps. 3,605
Interest rate[1]	-	-	-	-	-	-	-	7.3%
Capital leases	11	4	-	-	-	-	15	26
Interest rate[1]	3.8%	3.8%	-	-	-	-	3.8%	3.8%
Mexican pesos								
Domestic Senior Notes (Certificados Bursatiles)[2]	1,000	-	-	-	-	-	1,000	1,500
Interest rate[1]	10.4%	-	-	-	-	-	10.4%	10.2%
Argentine pesos								
Bank loans	-	69	-	-	-	-	69	-
Interest rate[1]	-	20.6%	-	-	-	-	20.6%	-
Variable rate debt:								
U.S. dollars								
Bank loans	-	-	849	2,024	-	-	2,873	2,978
Interest rate[1]	-	-	0.5%	0.5%	-	-	0.5%	3.3%
Mexican pesos								
Bank loans	-	-	66	267	1,392	2,825	4,550	4,550
Interest rate[1]	-	-	5.1%	5.1%	5.2%	5.1%	5.2%	9.0%
Domestic senior notes (Certificados bursatiles)[2]	2,000	-	3,000	-	-	-	5,000	3,000
Interest rate[1]	5.5%	-	4.9%	-	-	-	5.1%	8.7%
Colombian pesos								
Bank loans	-	-	-	-	-	-	-	905
Interest rate[1]	-	-	-	-	-	-	-	15.4%
U.S. dollars								
Notes payable	-	-	-	-	-	-	-	4
Interest rate[1]	-	-	-	-	-	-	-	7.0%
Brazilian Reais								
Notes payable	-	2	-	-	-	-	2	3

Interest rate[1]	-	(Various)	-	-	-	-	(Various)	(Various)
Long term debt	3,011	75	3,915	2,291	1,392	2,825	13,509	16,571
Current portion of long term debt	3,011	-	-	-	-	-	3,011	4,116
Total long term debt	Ps. -	Ps. 75	Ps. 3,915	Ps. 2,291	Ps. 1,392	Ps. 2,825	Ps. 10,498	Ps. 12,455

(1) Weighted average annual rate.

The Company has received financing from a number of institutional lenders. Such debt has different restrictions and covenants that mainly consist of maximum leverage ratios. As of the date of these consolidated financial statements, the Company was in compliance with all the restrictions and covenants contained in its financing agreements.

(2)Domestic Senior Notes (Certificados Bursatiles). During 2003, the Company established a program for the issuance of the following certificados bursatiles in the Mexican stock exchange:

Issue	Date	Maturity	Amount Rate
2003	2010	Ps. 1,000	10.40% Fixed

The 2003 certificados bursatiles contain restrictions on the incurrence of liens and accelerate upon the occurrence of an event of default, including a change of control, which is defined as the failure of The Coca-Cola Company to hold at least 25% of our capital stock with voting rights. These certificados bursatiles matured on April 16, 2010.

During March 2007, the Company established a new program and subsequently issued the following certificados bursatiles in the Mexican stock exchange:

Issue	Date	Maturity	Amount Rate
2007	2012	Ps. 3,000	28-day TIIE(1) – 6 bps
2009	2010	Ps. 2,000	28-day TIIE(1) + 80 bps

(1) TIIE means the Tasa de Interes Interbancaria de Equilibrio (the Equilibrium Interbank Interest Rate).

Note 18. Other Expenses.

	2009	2008	2007
Employee profit sharing (see Note 4r)	Ps. 792	Ps. 664	Ps. 300
Loss on sale of fixed assets	187	170	186
Provision of contingencies from past acquisitions	152	174	193
Brazil tax amnesty (see Note 23a)	(311)	-	-
Severance payments	113	169	53
Amortization of unrecognized actuarial loss, net (see Note 2i)	-	137	-
Equity method in earnings affiliated companies	(142)	(104)	(13)
Vacation provision	236	-	-
Loss on the retirement of long-lived assets	124	372	-
Other	298	249	(17)
Total	Ps. 1,449	Ps. 1,831	Ps. 702

Note 19. Fair Value of Financial Instruments.

The Company uses a three-level fair value hierarchy to prioritize the inputs used to measure the fair value of its financial instruments. The three input levels are described as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has access to at the measurement date.
- **Level 2:** inputs that are observable for the assets or liability, either directly or indirectly, but that are not the quoted prices included in level 1
- **Level 3:** unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value when observable inputs are not available, which allows for fair value valuations even when there is little, if any, market activity for the asset or liability at the measurement date.

The Company measures the fair value of its financial assets and liabilities classified as level 2, using the income approach methodology, which estimates fair value based on expected cash flows discounted to net present value. The following table summarizes the Company's financial assets and liabilities measured at fair value as of December 31, 2009 and December 2008:

	2009		2008	
	Level 1	Level 2	Level 1	Level 2
Pension plan trust assets (Note 15)	Ps. 727	Ps. -	Ps. 517	Ps. -
Derivative financial instruments asset (Note 4u)	-	27	-	411
Derivative financial instruments (liability) (Note 4u)	-	(519)	-	(1,170)
Marketable securities (Note 4b)	Ps. 2,113	Ps. -	Ps. -	Ps. -

The Company has no inputs classified as level 3 for fair value measurement.

a) Total Debt:
The fair value of bank and syndicated loans is calculated based on the discounted value of contractual cash flows whereby the discount rate is estimated using rates currently offered for debt of similar amounts and maturities. The fair value of notes is based on quoted market prices as of December 31.

	2009	2008
Carrying value	Ps. 15,925	Ps. 18,574
Fair value	15,334	18,251

b) Interest Rate Swaps:
The Company uses interest rate swaps to offset the interest rate risk associated with its borrowings. Through these swaps the Company pays amounts based on a fixed rate and receives amounts based on a floating rate. These instruments have been designated as cash flow hedges and are recognized in the consolidated balance sheet at their estimated fair value. The fair value is estimated using market prices that would apply to terminate the contracts at the end of the period. Changes in fair value are recorded in cumulative other comprehensive income until such time as the hedged amount is recorded in earnings.
At December 31, 2009, the Company has the following outstanding interest rate swap agreements:

Maturity Date	Notional Amount	Fair Value Asset (Liability)
2010	Ps. 150	Ps. (2)
2012	2,449	(92)
2013	3,336	(14)
2014	575	3
2015 to 2018	1,963	(28)

A portion of certain interest rate swaps do not meet the criteria for hedge accounting; consequently, changes in the estimated fair value of their ineffective portions were recorded as part of the comprehensive financing result under the caption "market value gain/loss on ineffective portion of derivative financial instruments".
The net effect of expired contracts treated as hedges is recognized as interest expense as part of the comprehensive financing result.

c) Forward Agreements to Purchase Foreign Currency:
The Company has entered into forward agreements to reduce its exposure to the risk of exchange rate fluctuations between the Mexican peso and other currencies.

These instruments are recognized in the consolidated balance sheet at their estimated fair value which is determined based on prevailing market exchange rates to end the contracts at the end of the period. Changes in the fair value of these forwards are recorded as part of cumulative other comprehensive income. Net gain/loss on expired contracts is recognized as part of foreign exchange.
Net changes in the fair value of forward agreements that do not meet hedging criteria for hedge accounting are recorded in the consolidated results of operations as part of the comprehensive financing result. The net effect of expired contracts that do not meet the criteria for hedge accounting is recognized in the income statement under the caption “market value gain/loss on the ineffective portion of derivative financial instruments”.

d) Cross-Currency Swaps:
The Company has contracted a number of cross-currency swaps to reduce its exposure to exchange rate and interest rate fluctuations associated with its borrowings denominated in U.S. dollars and other foreign currencies. These instruments are recognized in the consolidated balance sheet at their estimated fair value which is estimated using market prices that would apply to terminate the contracts at the end of the period. Those contracts do not meet the criteria for hedge accounting; consequently, changes in the fair value were recorded in the income statement under the caption “market value gain/loss on the ineffective portion of derivative financial instruments” as part of the consolidated results.

At December 31, 2009, the Company had the following outstanding cross currency swap agreements:

Maturity Date	Notional Amount	Asset Fair Value (Liability)
2011	Ps. 1,567	Ps. (248)
2012	457	(106)

e) Commodity Price Contracts:
The Company has entered into various commodity price contracts to reduce its exposure to the risk of fluctuation in the price of certain raw material. The fair value is estimated based on the market valuations to the end of the contracts at the closing date of the period. Changes in the fair value were recorded as part of cumulative other comprehensive income.
Net changes in the fair value of current and expired commodity price contracts were recorded as part of the cost of goods sold.

f) Embedded Derivative Financial Instruments:
The Company has determined that its leasing contracts denominated in U.S. dollars host embedded derivative financial instruments. The fair value is estimated based on formal technical models. Changes in fair value of these instruments were recorded as part of the comprehensive financing result under the caption of “market value gain/loss on the ineffective portion of derivative financial instruments”.

g) Fair Value of Derivative Instruments that Met Hedging Criteria:

Derivatives designated as hedging instruments	**2009**	**2008**	**2007**
CASH FLOW HEDGES:			
Assets (Liabilities):			
Interest rate swaps	Ps. (133)	Ps. (49)	Ps. (17)
Commodity price contracts	133[1]	(68)[1]	24[1]

(1) Commodity Price Contracts with maturity dates ending in 2010 and 2013.

h) Net Effects of Expired Contracts that Met Hedging Criteria:

Types of derivatives	Impact in Income Statement	**2009**	**2008**	**2007**
Interest rate swaps	Interest expense	Ps. 46	Ps. 26	Ps. 127
Cross-currency swaps	Foreign exchange/Interest expense	-	(26)	-
Commodity price contracts	Cost of goods sold	(247)	(2)	45

i) Net Effect of Changes in Fair Value of Derivative Financial Instruments that Did Not Meet the Hedging Criteria for Accounting Purposes:

Types of derivatives	Impact in Income Statement	2009	2008	2007
Forward agreements to purchase foreign currency	Market value gain/loss on	Ps. 63	Ps. 706	Ps. (22)
Interest rate swaps	ineffective portion of	-	(24)	(34)
Cross-currency swaps	derivative financial instruments	(220)	538	(10)

j) Net Effect of Expired Contracts that Did Not Meet the Hedging Criteria for Accounting Purposes:

Types of derivatives	Impact in Income Statement	2009	2008	2007
Embedded derivative financial instruments	Market value gain/loss on ineffective portion of derivative financial	Ps. (12)	53	8
Cross-currency swaps	instruments	51	(314)	(56)

Note 20. Noncontrolling Interest in Consolidated Subsidiaries.

Coca-Cola FEMSA's noncontrolling interest in its consolidated subsidiaries for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008
Mexico	Ps. 1,908	Ps. 1,417
Colombia	25	20
Brazil	363	266
	Ps. 2,296	Ps. 1,703

Note 21. Shareholders' Equity.

As of December 31, 2009 and 2008, the capital stock of Coca-Cola FEMSA is represented by 1,846,530,201 common shares, with no par value. Fixed capital stock is Ps. 821 (nominal value) and variable capital is unlimited.

The characteristics of the common shares are as follows:

- Series "A" and series "D" shares are ordinary, have unlimited voting rights, are subject to transfer restrictions, and at all times must represent a minimum of 75% of subscribed capital stock;
- Series "A" shares may only be acquired by Mexican individuals and may not represent less than 51% of the ordinary shares.
- Series "D" shares have no foreign ownership restrictions and may not represent more than 49% of the ordinary shares.
- Series "L" shares have no foreign ownership restrictions and have limited voting rights and other corporate rights.

As of December 31, 2009 and 2008, the number of each share series representing Coca-Cola FEMSA's capital stock is comprised as follows:

Series of shares	Thousands of Shares
"A"	992,078
"D"	583,546
"L"	270,906
Total	1,846,530

The restatement of shareholders' equity for inflation is allocated to each of the various shareholders' equity accounts, as follows:

	2009		
	Historical Value	Restatement	Restated Value
Capital stock	Ps. 821	Ps. 2,295	Ps. 3,116
Additional paid-in capital	9,593	3,627	13,220
Retained earnings from prior years	32,072	6,117	38,189
Net controlling income	7,970	553	8,523

Cumulative other comprehensive income	3,128	-	3,128

	2008		
	Historical Value	Restated Restatement Value	
Capital stock	Ps. 821	Ps. 2,295	Ps. 3,116
Additional paid-in capital	9,593	3,627	13,220
Retained earnings from prior years	27,935	6,000	33,935
Net controlling interest income	5,481	117	5,598
Cumulative other comprehensive income	44	-	44

The net income of the Company is not currently subject to the legal requirement that 5% thereof be transferred to a legal reserve, since such reserve already equals 20% of capital stock at nominal value. The legal reserve may not be distributed to shareholders during the life of the Company, except as a stock dividend. As of December 31, 2009 and 2008, the legal reserve is Ps. 164 (at nominal values).

Retained earnings and other reserves distributed as dividends, as well as the effects of capital reductions, are subject to income tax at the prevailing tax rate at the time of distribution, except for dividends and capital reductions paid from the Net taxes profits accounts ("CUFIN") which is where restated shareholder contributions and consolidated taxable income are recorded, or from the Net reinvested taxed profits account ("CUFINRE"), which is where reinvested consolidated taxable income is recorded.

Dividends paid in excess of the CUFIN and CUFINRE are subject to income tax at a grossed-up rate based on the current statutory rate. Since 2003, this tax may be credited against the income tax of the year in which the dividends are paid or against the income tax and estimated tax payments of the following two years. As of December 31, 2009 and 2008, the Company's balance of CUFIN is Ps. 2,312 and Ps. 3,346, respectively.

As of December 31, 2009, 2008 and 2007 the dividends paid by the Company are as follows:

Series of shares	2009[(1)]	2008[(2)]	2007[(3)]
"A"	Ps. 722	Ps. 508	Ps. 447
"D"	425	299	263
"L"	197	138	121
Total	Ps. 1,344	Ps. 945	Ps. 831

(1) At an ordinary shareholders' meeting of Coca-Cola FEMSA held on March 23, 2009, the shareholders declared a dividend of Ps. 1,344 that was paid in April 2009.

(2) At an ordinary shareholders' meeting of Coca-Cola FEMSA held on April 8, 2008, the shareholders declared a dividend of Ps. 945 that was paid in May 2008.

(3) At an ordinary shareholders' meeting of Coca-Cola FEMSA held on March 27, 2007, the shareholders declared a dividend of Ps. 831 that was paid in May 2007.

Note 22. Net Controlling Income per Share.

This represents the net controlling income on each share of the Company's capital stock and is computed on the basis of the weighted average number of shares outstanding during the period which was 1,846,530,201 for each of the three years ended December 31, 2009, 2008 and 2007.

Note 23. Taxes.

a) Income Tax:

Income tax is computed on taxable income, which differs from net income for accounting purposes principally due to differences in the book and tax treatment of the comprehensive financing result, the cost of labor liabilities, depreciation and other accounting provisions. The tax loss of a given year may be carried forward and applied against the taxable income of future years.

The difference between the sum of the above amounts and the consolidated income before income tax relates to dividends which are eliminated in the consolidated financial statement of the Company. Such dividends have been remitted on a tax-free basis.

The statutory income tax rates applicable in the countries where the Company operates, the number of years tax loss carry-forwards may be applied and the period open to review by the tax authorities as of December 31, 2009 are as follows:

	Statutory Tax Rate	Expiration (Years)	Open Period (Years)
Mexico	28%	10	5
Guatemala	31%	N/A	4
Nicaragua	30%	3	4
Costa Rica	30%	3	4
Panama	30%	5	3
Colombia	33%	8	2
Venezuela	34%	3	4
Brazil	34%	Indefinite	6
Argentina	35%	5	5

In Colombia, tax losses may be carried forward for eight years and carry-forwards are limited to 25% of the taxable income of each year. Additionally, the statutory income tax rate in Colombia was decreased from 34% for 2007 to 33% in 2008.

In Brazil, tax losses never expire but they cannot be restated for inflation and are limited to 30% of the taxable income of each year.

During 2009, Brazil adopted a new law providing for certain tax amnesties. The new tax amnesty program offers Brazilian legal entities and individuals an opportunity to pay off their income tax and indirect tax debts under less stringent conditions than would normally apply. The new amnesty program also includes a favorable option under which taxpayers may utilize income tax loss carry-forwards ("NOLs") when settling certain outstanding income tax and indirect tax debts. The Company decided to participate in the amnesty program allowing it to settle certain previously accrued indirect tax contingencies. The Company de-recognized indirect tax contingency accruals of Ps. 433 (see Note 24), making payments of Ps. 243, recording a credit to other expenses of Ps. 311 (see Note 18), reversing previously recorded Brazil valuation allowances against NOL's, and recording certain taxes recoverable.

b) Asset tax:
On January 1, 2007, the asset tax in Mexico rate was reduced from 1.8% to 1.25% and the deduction of liabilities in the computation of the asset tax base was disallowed. Effective in 2008, the asset tax was abolished in Mexico and has been replaced by a flate rate business tax (Impuesto Empresarial a Tasa Única, "IETU" - see Note 23c). Asset tax paid in periods prior to the introduction of the IETU can be credited against income tax payable in the period, provided that income tax exceeds IETU for the same period, and only up to an amount equal to 10% of the lesser asset tax paid for 2007, 2006 or 2005.

Guatemala, Nicaragua, Colombia and Argentina also have minimum taxes that are determined primarily on a percentage of assets. Under certain conditions, payments made for these minimum taxes are recoverable in future years.

c) Flat-Rate Business Tax ("IETU"):
Effective in 2008, IETU came into effect in Mexico and replaced Asset Tax. IETU essentially work as a minimum corporate income tax, except that amounts paid cannot be creditable against future income tax payments. The payable tax for a taxpayer in a given year is the higher of IETU or income tax computed under the Mexican income tax law. Both individuals and corporations are subject to IETU as well as permanent establishments of foreign entities in Mexico. The IETU rate for 2008 and 2009 is 16.5% and 17.0%, respectively and shall be 17.5% beginning in 2010. IETU is computed on a cash-flow basis, which means the tax base is equal to cash proceeds, less certain deductions and credits. In the case of export sales, where cash on the receivable has not been collected within 12 months, income is deemed received at the end of the 12-month period. In addition, unlike the Income Tax Law, which allows for tax consolidation, companies that incur IETU are required to file their returns on an individual basis.

Based on its financial projections for purposes of its Mexican tax returns, the Company expects to pay corporate income tax in the future and does not expect to have IETU payable. This being the case, the introduction of the IETU law had no impact the Company's consolidated financial statements.

d) Deferred Income Tax:

An analysis of the temporary differences giving rise to deferred income tax liabilities (assets) is as follows:

Deferred Income Taxes	2009	2008
Inventories	Ps. (9)	Ps. 4
Property, plant and equipment	1,568	2,077
Investment in shares	(12)	(4)
Intangibles and other assets	2,185	1,342
Labor obligations	(236)	(196)
Tax loss carry-forwards	(659)	(1,117)
Other deferred liabilities	(1,198)	(1,717)
Deferred tax (asset) liability	1,639	389
Valuation allowance for deferred tax assets for unrecoverable tax losses	1	45
Deferred income tax, net	1,640	434
Deferred income tax asset recoverable	1,019	1,246
Deferred income tax payable	Ps. 2,659	Ps. 1,680

An analysis of changes in the balance of the net deferred income taxes liability is as follows:

	2009	2008
Initial balance	Ps. 434	Ps. 225
Provision for the year	267	(1,153)
Restatement effect in inflationary subsidiaries	53	(9)
Cumulative other comprehensive income items	886	1,371
Ending balance	Ps. 1,640	Ps. 434

As of January 2008, in accordance with NIF B-10 in Mexico, the application of inflationary accounting in Mexico was suspended. However, for taxes purposes, the balance of fixed assets is restated based on the Mexican National Consumer Price Index (NCPI) and consequently, the difference between the book and tax values of the assets will gradually increase, giving rise to a deferred tax.

e) Provision for the Year:

	2009	2008	2007
Current-year income tax	Ps. 3,776	Ps. 3,639	Ps. 3,047
Deferred income tax cost (benefit)	309	(812)	294
Tax loss carry-forward benefits	-	(341)	-
Effect of change in the statutory income tax rate	(42)	-	(5)
Income taxes	Ps. 4,043	Ps. 2,486	Ps. 3,336

An analysis of the domestic and foreign components of pre-tax income and income tax for the years ended December 31, 2009, 2008 and 2007 is as follows:

2009	Mexico	Foreign	Total
Income before income taxes	Ps. 5,579	Ps. 7,435	Ps. 13,013
Current-year income tax	1,585	2,191	3,776
Deferred income tax (benefit) cost	(16)	283	267
Total income tax	Ps. 1,569	Ps. 2,474	Ps. 4,043

2008	Mexico	Foreign	Total
Income before income taxes	Ps. 4,902	Ps. 3,410	Ps. 8,312
Current-year income tax	1,925	1,714	3,639
Deferred income tax	(1,115)	(38)	(1,153)
Total income tax	Ps. 810	Ps. 1,676	Ps. 2,486

2007	Mexico	Foreign	Total
Income before income taxes	Ps. 5,801	Ps. 4,638	Ps. 10,439
Current-year income tax	1,680	1,362	3,042
Deferred income tax	204	90	294
Total income tax	Ps. 1,884	Ps. 1,452	Ps. 3,336

f) Tax Loss Carry-forwards and Recoverable Asset tax:

The subsidiaries in Mexico, Panama, Colombia, Venezuela and Brazil have tax loss carry-forwards and/or recoverable tax on assets. The aggregate amounts of such future benefits and their years of expiration are as follows:

Year of expired	Tax Loss Carry-forwards	Recoverable Asset tax
2015	Ps. 135	Ps. -
2017 and thereafter	1,332	44
No expiration (Brazil - see Note 23a)	640	-
	Ps. 2,107	Ps. 44

An analysis of the changes in the valuation allowance that give rise to decreases in the related deferred tax asset is as follows:

	2009	2008	2007
Beginning balance	Ps. 45	Ps. 99	Ps. 220
Reversal of valuation allowance	(57)	(51)	(76)
Restatement of beginning balance in inflationary subsidiaries	13	(3)	(45)
Ending balance	Ps. 1	Ps. 45	Ps. 99

g) Reconciliation of Mexican Statutory Income Tax Rate to Consolidated Effective Income Tax Rate:

	2009	2008	2007
Mexican statutory income tax rate	28.00%	28.00%	28.00%
Income tax from prior years	0.52	0.12	0.04
Monetary position gain	(1.05)	(2.22)	(2.70)
Annual inflation adjustment	1.31	3.69	1.92
Non-deductible expenses	0.87	2.64	1.36
Non-taxable income	(0.15)	(0.62)	-
Income taxed at a rate other than the Mexican statutory rate	2.97	3.69	2.49
Effect of restatement of tax values	(0.78)	(2.21)	-
Changes in valuation allowance for tax losses	(0.38)	(0.42)	-
Effect of change in statutory rate	(0.33)	-	(0.06)
Other	0.09	(2.77)	0.90
Consolidated effective income tax rate	31.07%	29.90%	31.95%

Note 24. Other Liabilities and Contingencies.

a) Other Current Liabilities:

	2009	2008
Derivative financial instruments (Note 19)	Ps. 22	Ps. 1,151
Sundry creditors	863	841
Total	Ps. 885	Ps. 1,992

b) Other Liabilities:

	2009	2008
Contingencies	Ps. 2,467	Ps. 2,076
Other liabilities	1,531	1,843
Derivative financial instruments (Note 19)	497	19
Total	Ps. 4,495	Ps. 3,938

c) Contingencies Recorded in the Balance Sheet:
The Company has various loss contingencies, and has recorded reserves as other liabilities for those legal proceedings for which it believes an unfavorable resolution is probable. Most of these loss contingencies are the result of the Company's business acquisitions. The following table presents the nature and amount of the loss contingencies recorded as of December 31, 2009 and 2008:

	2009	2008
Indirect taxes	Ps. 1,084	Ps. 953
Labor	1,182	880
Legal	201	243
Total	Ps. 2,467	Ps. 2,076

d) Changes in the Balance of Contingencies Recorded:

	2009	2008	2007
Initial balance	Ps. 2,076	Ps. 1,784	Ps. 1,755
Penalties and other charges	258	50	128
New contingencies	475	947[(1)]	282
Cancellation and expiration	(241)	(189)	(118)
Payments	(190)	(472)	(158)
Brazil tax amnesty (see Note 23a)	(433)	-	-
Restatement of the beginning balance of inflationary subsidiaries	522	(44)	(105)
Ending balance	Ps. 2,467	Ps. 2, 076	Ps. 1,784

(1) Includes contingencies resulting from the acquisition of REMIL in 2008.

e) Pending Lawsuits:
The Company is party to a number of tax, legal and labor lawsuits that have arisen throughout the normal course of its business and which are common in its industry.

The estimated amount of these lawsuits is Ps. 7,230. The Company's legal counsel estimates that the changes of these cases being ruled against the Company are less than probable but more than remote. However, the Company does not believe that the rulings, one way or the other, will have a material adverse effect on its consolidated financial position or result of operations.

In recent years, the Company's Mexican, Costa Rican and Brazilian territories have been required to submit certain information to their relevant authorities regarding possible monopolistic practices. Such proceedings are a normal occurrence in the soft drink industry and the Company does not expect any significant liability to arise from these contingencies.

f) Collateralized Contingencies:
As is customary in Brazil, the Company has been required by the tax authorities there to collateralize tax contingencies currently in litigation amounting to Ps. 2,342 and Ps. 1,853 as of December 31, 2009 and 2008, respectively, by pledging fixed assets and entering into available lines of credit covering the contingencies.

g) Commitments:
As of December 31, 2009, the Company has operating lease commitments for the leasing of production machinery and equipment, distribution equipment and computer equipment.

The contractual maturities of the lease commitments by currency, expressed in Mexican pesos as of December 31, 2009, are as follows:

	Mexican Pesos	U.S. Dollars
2010	Ps. 233	Ps. 9
2011	235	6
2012	239	5
2013	169	5
2014	149	-
2015 and thereafter	824	-
Total	Ps. 1,849	Ps. 25

Rental expense charged to results of operations amounted to approximately Ps. 546, Ps. 438 and Ps. 411 for the years ended December 31, 2009, 2008 and 2007, respectively.

The Company has some operating leases that are denominated in U.S. dollars, for which embedded derivatives have been identified and accounted for in the accompanying financial statements.

Note 25. Information by Segment.

Information by segment is presented considering the geographical areas in which the Company operates. The Company's operations are grouped in the following segments: (i) Mexico; (ii) Latincentro, which aggregates Colombia and Central America; (iii) Venezuela; and (iv) Mercosur, which aggregates Brazil and Argentina. Venezuela operates in an economy with exchange control; as a result, Bulletin B-5 "Information by Segments" does not allow its integration into another geographical segment.

2009	Total Revenues	Income from Operations	Capital Expenditures	Long-term Assets	Total Assets
Mexico	Ps. 36,785	Ps. 6,849	Ps. 2,710	Ps. 45,455	Ps. 54,722
Latincentro (1)	15,993	2,937	1,269	17,854	20,120
Venezuela	22,430	1,815	1,248	8,959	13,672
Mercosur (2)	27,559	4,234	1,055	14,754	22,147
Consolidated	Ps. 102,767	Ps. 15,835	Ps. 6,282	Ps. 87,022	Ps. 110,661

2008	Total Revenues	Income from Operations	Capital Expenditures	Long-term Assets	Total Assets
Mexico	Ps. 33,799	Ps. 6,715	Ps. 1,926	Ps. 44,830	Ps. 53,238
Latincentro (1)	12,791	2,370	1,209	16,160	18,437
Venezuela	15,182	1,289	715	6,895	9,537
Mercosur (2)	21,204	3,321	952	12,081	16,746
Consolidated	Ps. 82,976	Ps. 13,695	Ps. 4,802	Ps. 79,966	Ps. 97,958

2007	Total Revenues	Income from Operations	Capital Expenditures
Mexico	Ps. 32,550	Ps. 6,598	Ps. 1,945
Latincentro (1)	11,741	1,967	971
Venezuela	9,785	575	(9)
Mercosur (2)	15,175	2,346	775
Consolidated	Ps. 69,251	Ps. 11,486	Ps. 3,682

(1) Includes Guatemala, Nicaragua, Costa Rica, Panama and Colombia.
(2) Includes Brazil and Argentina.

Note 26. Differences Between Mexican FRS and U.S. GAAP

As discussed in Note 2, the consolidated financial statements of the Company are prepared in accordance with Mexican FRS, which differs in certain significant respects from U.S. GAAP. A reconciliation of the reported net income, equity and comprehensive income to U.S. GAAP is provided in Note 27.

The United States Financial Accounting Standards Board ("FASB") released the FASB Accounting Standards Codification, or Codification for short, on January 15, 2008 and it became effective in 2009. At that time all previous U.S. GAAP reference sources became obsolete. The Codification organizes several U.S. GAAP pronouncements under approximately 90 accounting topic areas. The objective of this project was to arrive at a single source of authoritative U.S. accounting and reporting standards, other than guidance issued by the Securities and Exchange Commission of the United States of America ("SEC"). Included in Notes 26, 27 and 28 are references to certain U.S. GAAP Codifications ("ASC") that were adopted in 2009 and certain ASC's that have yet to be adopted by the Company.

The principal differences between Mexican FRS and U.S. GAAP included in the reconciliation that affect the consolidated financial statements of the Company are described below.

a) Restatement of Prior Year Financial Statements:
Under U.S. GAAP, the Company applies the regulations of the SEC. Consequently, the Company was not required to reconcile the inflation effects prior to the adoption of NIF B-10, since the consolidated financial statements were comprehensively restated in constant units of the reporting currency.

Beginning on January 1, 2008, in accordance with NIF B-10, the Company discontinued inflationary accounting for subsidiaries that operate in non-inflationary economic environments. As a result, prior year's financial information and all other adjustments for U.S. GAAP purposes were restated and translated as of December 31, 2007, which is the date of the last recognition of inflation effects. The cumulative effect of the previously realized and unrealized results from holding nonmonetary assets (RETANM) for previous periods was reclassified to retained earnings as described in Note 4a. This reclassification did not result in a difference that is being reconciled for U.S. GAAP.

Beginning in 2008, as a result of discontinuing inflationary accounting for subsidiaries that operate in non-inflationary economic environments, the Company's financial statements are no longer considered to be presented in a reporting currency that includes the comprehensive effects of price level changes. Therefore, the inflationary effects of inflationary economic environments arising in 2008 and 2009 represent a difference that is reconciled for U.S. GAAP purposes.

As disclosed in Note 4a, the three year cumulative inflation rate for Venezuela was 87.5% for the period 2006 through 2008. The three year cumulative inflation rate for Venezuela was 101.6% as of December 31, 2009. Accordingly, the Company anticipates that Venezuela will be accounted for as a hyper-inflationary economy for U.S. GAAP purposes beginning January 1, 2010.

b) Classification Differences:
Certain items require a different classification in the balance sheet or income statement under U.S. GAAP. A description of these different classifications is as follows:

- As explained in Note 4d, under Mexican FRS, advances to suppliers are recorded under inventories. Under U.S. GAAP, advances to suppliers are classified as prepaid expenses;
- Gains or losses on the disposal of fixed assets, all severance payments associated with an ongoing benefit and amendments to the pension plans, as well as financial expenses from labor liabilities and employee profit sharing are recorded as part of operating income under U.S. GAAP;
- Under Mexican FRS, deferred taxes are classified as non-current, while under U.S. GAAP they are classified based on the classification of the related asset or liability, or their estimated reversal date when not associated with an asset or liability;
- Under Mexican FRS, restructuring costs are recorded as other expenses. For U.S. GAAP purposes, restructuring costs are recorded as operating expenses.

c) Deferred Promotional Expenses:

As explained in Note 4 e), for Mexican FRS purposes, the promotional costs related to the launching of new products or product presentations are recorded as prepaid expenses. For U.S. GAAP purposes, such promotional costs are expensed as incurred.

d) Intangible Assets:
In conformity with Mexican FRS, the amortization of intangible assets with indefinite useful lives was discontinued in 2003. For U.S. GAAP purposes, the amortization of intangible assets with indefinite useful lives was discontinued as of 2002. As a result, the Company performed an initial impairment test of intangible assets as of January 1, 2002 and found no impairment. Subsequent impairment tests are performed annually by the Company or more frequently, if events or changes in circumstances between annual tests indicate that the asset might be impaired.

During the year ended December 31, 2009, the Company acquired the Brisa water business in Colombia (see Note 5). For U.S. GAAP, acquired distribution rights intangible assets are recorded at estimated fair value at the date of the purchase. Under Mexican FRS, this distribution rights intangible asset is recorded at its estimated fair value, limited to the underlying amount of the purchase price consideration. This results in a difference in accounting for acquired intangible assets between Mexican FRS and U.S. GAAP. These differences have resulted in a gain being recorded in 2009 for U.S. GAAP purposes in the amount of Ps. 72.

e) Restatement of Imported Equipment:
Through December 2007, the Company restated imported machinery and equipment by applying the inflation rate and the exchange rate of the currency of the country of origin. The resulting amounts were then translated into Mexican pesos using the period end exchange rate.

As explained in Note 4a, on January 1, 2008, the Company adopted Mexican FRS B-10 which establishes that imported machinery and equipment must be recorded using the acquisition-date exchange rate. Companies that operate in inflationary economic environments must restate imported machinery and equipment by applying the inflation rate of the country in which the asset is acquired. However, this change in methodology did not have a material impact on the consolidated financial statements of the Company (see Note 4a).

f) Capitalization of the Comprehensive Financing Result:
Through December 2006, the Company did not capitalize the comprehensive financing result, which was previously optional under Mexican FRS. On January 1, 2007, NIF D-6, “Capitalization of Comprehensive Financing Result” went into effect. This standard establishes that the comprehensive financing results associated with loans obtained to finance investment projects must be capitalized as part of the cost of long-lived assets that require a substantial period of time to get them ready for their intended use, among other conditions listed by NIF D-6. This standard did not require retrospective application.

In accordance to U.S. GAAP, if interest expense is incurred during the construction of qualifying assets and the net effect is material, capitalization is required for all assets that require a period of time to get them ready for their intended use. The net effect of interest expenses incurred to bring qualifying assets to the condition for its intended use was Ps. 61 Ps. 40 and Ps. 17 for the years ended on December 31, 2009, 2008 and 2007, respectively.

A reconciling item is included for the difference in capitalized comprehensive financing result policies under Mexican FRS and capitalized interest expense policies under U.S. GAAP.

g) Fair Value Measurements
Recently the FASB released a new pronouncement that establishes a framework for measuring fair value with a focus towards exit price and the use of marketbased inputs over company-specific inputs. This pronouncement requires companies to consider its own nonperformance risk (the risk that the obligation will not be fulfilled) to measure liabilities carried at fair value, including derivative financial instruments. The effective date of this standard for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value on a recurring basis (at least annually) started on January 1, 2009.

U.S. GAAP allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). Except in certain circumstances, the fair value option is applied on an instrument-by-

instrument basis and is irrevocable, unless a new election date occurs. Whenever, the fair value option is chosen for an instrument, the unrealized gains and losses from that instrument must be reported in earnings at each subsequent reporting date. The Company did not elect to adopt the fair value option for any of its outstanding instruments; therefore, it did not have any impact on its consolidated financial statements.

h) Deferred Income Taxes, Employee Profit Sharing and Uncertain Tax Positions:
The calculation of deferred income taxes and employee profit sharing for U.S. GAAP purposes differs from Mexican FRS in the following respects:

- Under Mexican FRS, inflation effects on the balance of deferred taxes generated by monetary items are recognized in the income statement as part of the monetary position result when entities operate in an inflationary economic environment. Under U.S. GAAP, the deferred taxes balance is classified as a nonmonetary item. As a result, the consolidated income statement differs with respect to the presentation of the gain or loss on monetary position and deferred income taxes provision; and
- Under Mexican FRS, deferred employee profit sharing is calculated using the asset and liability method, which is the method used to compute deferred income taxes under U.S. GAAP. Employee profit sharing is deductible for purposes of Mexican taxes on profit. This deduction reduces the payments of income taxes in subsequent years. For Mexican FRS purposes, the Company did not record deferred employee profit sharing, since is not expected to materialize in the future;
- The differences in restatement of imported machinery and equipment, capitalization of comprehensive result, promotional expenses, employee profit sharing and employee benefits explained in Note 26c), e), f) and i), give rise to a difference in income tax calculated under U.S. GAAP compared to income tax computed under Mexican FRS (see Note 23d).

A reconciliation of deferred income tax and employee profit sharing for U.S. GAAP and Mexican FRS purposes, as well as the changes in the balances of deferred taxes, are as follows:

Reconciliation of Deferred Income Taxes, Net	**2009**	**2008**
Deferred income taxes under Mexican FRS	Ps. 1,640	Ps. 434
U.S. GAAP adjustments:		
Fixed assets	(518)	(152)
Intangible assets	(449)	(245)
Inventories	(127)	(14)
Deferred charges	(25)	(30)
Deferred revenues	41	-
Tax deduction for deferred employee profit sharing	7	(20)
Deferred promotional expenses	(31)	(46)
Pension liability	11	(64)
Seniority premiums	(3)	(4)
Severance indemnities	(33)	(42)
Total U.S. GAAP adjustments	(1,127)	(617)
Net deferred income tax liability (asset), under U.S. GAAP	Ps. 513	Ps. (183)

Changes in the Balance of Deferred Income Taxes	**2009**	**2008**
Beginning (asset) liability balance	Ps. (183)	Ps. 360
Provision for the year	(202)	(1,634)
Cumulative other comprehensive income	898	1,091
Ending liability (asset) balance	Ps. 513	Ps. (183)

Reconciliation of Deferred Employee Profit Sharing	**2009**	**2008**
Deferred employee profit sharing under Mexican FRS	Ps. -	Ps. -
U.S. GAAP adjustments:		
Inventories	5	8
Property, plant and equipment	121	155
Deferred charges	7	8
Labor liabilities	(73)	(63)

Severance indemnities	(17)	(16)
Other reserves	(67)	(21)
Total U.S. GAAP adjustments	(24)	71
Net deferred employee profit sharing (asset) liability under U.S. GAAP	Ps. (24)	Ps. 71

Changes in the Balance of Deferred Employee Profit Sharing	**2009**	**2008**
Beginning liability balance	Ps. 71	Ps. 230
Provision for the year	(83)	(95)
Cumulative other comprehensive income	(12)	(64)
Ending (asset) liability balance	Ps. (24)	Ps. 71

According to U.S. GAAP, the Company is required to recognize a tax position in its financial statements when it is more likely than not that the position will be sustained upon examination. If the tax position meets the more-likely-than-not recognition threshold, the tax effect is recognized at the largest amount of the benefit that is greater than 50% likely of being realized. Any excess between the tax position taken in the tax return and the tax position recognized in the financial statements using the criteria above results in the recognition of a liability in the financial statements for the uncertain tax position. According to Mexican FRS, the Company is required to record tax contingencies in its financial statements when such liabilities are probable in nature and estimable. While the underlying concepts for recognizing income tax uncertainties differs between Mexican FRS and U.S. GAAP, this difference has not resulted in any reconciling items during the periods presented herein.

i) Employee Benefits:

On January 1, 2008, the Company adopted NIF D-3. This standard eliminates the recognition of an additional labor liability for the difference between actual benefits and the net projected liability, NIF D-3 also establishes a maximum of five years period for the amortization of the beginning balance of prior service costs of pension plans and severance indemnities and requires that actuarial gains or losses of severance indemnities be credited or charged to income from operations of the period they arise. The adoption of NIF D-3 gave rise to a difference between the unamortized net transition liability and the actual amortization expense of pension plans and severance indemnities. Under U.S. GAAP the Company is required to fully recognize as an asset or liability for the overfunded or underfunded status of defined benefit pension and other postretirement benefit plans as NIF D-3.

The adoption of NIF B-10 for Mexican FRS, required the application of real rates for actuarial calculations for entities that operate in inflationary economic environments and nominal rates for those that operate in non-inflationary economic environments. The Company uses those same criteria under U.S. GAAP.

The reconciliation of the pension cost for the year and related labor liabilities is as follows:

Net Pension Cost	**2009**	**2008**	**2007**
Net pension cost recorded under Mexican FRS	Ps. 164	Ps. 129	Ps. 105
U.S. GAAP adjustments:			
Amortization of unrecognized transition obligation	1	1	1
Amortization of prior service cost	1	1	1
Amortization of net actuarial loss	(1)	(4)	(1)
Net pension cost under U.S. GAAP	Ps. 165	Ps. 127	Ps. 106

Pension Liability	**2009**	**2008**
Pension liability under Mexican FRS	Ps. 699	Ps. 623
U.S. GAAP adjustments:		
Unrecognized prior service	209	220
Unrecognized net actuarial loss	(211)	(8)
Pension liability under U.S. GAAP	Ps. 697	Ps. 835

The reconciliation of the net severance indemnity cost and severance indemnity liability is as follows:

Net Severance Indemnity Cost	**2009**	**2008**	**2007**
Net severance indemnity cost under Mexican FRS	Ps. 132	Ps. 289	Ps. 58

U.S. GAAP adjustments:			
Amortization of unrecognized net transition obligation, (gain) loss	(36)	(36)	49
Amortization of prior service cost	-	(17)	-
Amortization of net actuarial loss	-	(228)	-
Net severance indemnity cost under U.S. GAAP	Ps. 96	Ps. 8	Ps. 107

Severance Indemnity Liability	**2009**	**2008**
Severance indemnity liability under Mexican FRS	Ps. 316	Ps. 250
U.S. GAAP adjustments:		
Unrecognized net transition obligation	110	142
Severance indemnity liability under U.S. GAAP	Ps. 426	Ps. 392

The reconciliation of the seniority premiums liability is as follows:

Seniority Premium Cost	**2009**	**2008**	**2007**
Net seniority premium cost under Mexican FRS	Ps. 17	Ps. 35	Ps. 15
U.S. GAAP adjustments:			
Amortization of unrecognized net transition obligation, loss (gain)	2	(15)	-
Net seniority premium cost under U.S. GAAP	Ps. 19	Ps. 20	Ps. 15

Seniority premium liability	**2009**	**2008**
Seniority premium liability under Mexican FRS	Ps. 73	Ps. 63
U.S. GAAP adjustments:		
Unrecognized net actuarial loss	12	15
Seniority premium liability under U.S. GAAP	Ps. 85	Ps. 78

Estimates of the unrecognized items expected to be recognized as components of net periodic pension cost during 2010 are shown in the table below:

	Pension and Retirement Plans	Seniority Premium
Actuarial net loss and prior service cost recognized in cumulative other comprehensive income during the year	Ps. 94	Ps. 13
Actuarial net loss and prior service cost recognized as a component of net periodic cost	12	2
Net transition liability recognized as a component of net periodic cost	1	-
Actuarial net loss, prior service cost and transition liability included cumulative other comprehensive income	97	13
Estimate to be recognized as a component of net periodic cost over the following fiscal year:		
Transition asset	1	1
Prior service credit	11	-
Actuarial (loss) gain	(5)	7

j) Colombia Non-Controlling Interest Acquisition:
In 2008 the Company indirectly acquired an additional equity interest in Colombia. Under Mexican FRS B-7, “Business Acquisitions,” this acquisition is considered to be a transaction made between existing shareholders that has no effect on the Company’s net assets and likewise, the payment made in excess of the book value of the shares acquired is recorded in equity as a reduction in additional paid-in capital. For U.S. GAAP purposes, a non-controlling interest acquisition represents a “step acquisition” that must be recorded using the purchase method, whereby the purchase price is allocated to the proportionate fair value of the assets and liabilities acquired. The Company recorded a loss of Ps. 113 on this transaction in its net income for 2008 and did not recognize any goodwill from this acquisition.

k) Noncontrolling Interest:
Under Mexican FRS, the noncontrolling interest in consolidated subsidiaries is presented in the consolidated balance sheet as a separate component of equity.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interest in Consolidated Financial Statements – an amendment of ARB No. 51" ("FAS 160"). FAS 160 was codified as a component of ASC 810.10.65. ASC 810.10.65 requires noncontrolling interests held by parties other than the parent in subsidiaries to be clearly identified, labeled, and presented in the consolidated statements of financial position within equity, but separate from the parent's equity. Additionally, consolidated net income shall be adjusted to include the net income attributed to the noncontrolling interest. The consolidated cumulative other comprehensive income shall be adjusted to include the net income attributed to the noncontrolling interest.

Accordingly, in 2009, no further classification difference exists related to non-controlling interests. Previous year's reconciliations have been retrospectively adjusted for these changes.

During 2009, the Company established a joint venture with The Coca-Cola Company for the production and sale of Crystal brand water in Brazil. The Company has recorded a gain for U.S. GAAP purposes of Ps.120 related to the deconsolidation of its net assets related to the Crystal operations. Approximately, Ps.120 of previously recorded unearned revenues related to Crystal operations remain recorded for Mexican FRS purposes, and will be amortized into income along with the results from the joint venture over the next three years for Mexican FRS purposes.

l) Statement of Cash Flows:
In 2008, the Company adopted NIF B-2 which is similar to cash flows standards for U.S. GAAP except with regard to the presentation of restricted cash, the different requirements for the presentation of interest costs, and certain other supplemental disclosures.

In 2007, the Company presented a consolidated statement of changes in financial position in accordance with NIF Bulletin B-12, "Statement of Changes in Financial Position" which differs from the cash flows presentation. Bulletin B-12 identified the source and application of differences between beginning and ending balances presented in constant Mexican pesos. Bulletin B-12 also required that net monetary position result and exchange differences be computed only on items that imply the use of funds in determining resources provided by operating activities.

m) Financial Information Under U.S. GAAP:

Consolidated Balance Sheets	2009	2008
ASSETS		
Current Assets:		
Cash and cash equivalents	Ps. 7,627	Ps. 6,192
Marketable securities	2,113	-
Accounts receivable	5,931	5,240
Inventories	4,391	4,194
Recoverable taxes	1,776	942
Other current assets	1,321	1,229
Deferred income tax and employee profit sharing	1,517	888
Total current assets	24,676	18,685
Investment in shares	2,170	1,797
Property, plant and equipment, net	29,835	28,045
Intangible assets, net	49,336	46,580
Deferred income tax and employee profit sharing	880	1,698
Other assets	1,532	1,168
TOTAL ASSETS	Ps. 108,429	Ps. 97,973
LIABILITIES AND EQUITY		
Current Liabilities:		
Bank loans	Ps. 2,416	Ps. 2,003

Current maturities of long-term debt	3,011	4,116
Interest payable	61	267
Suppliers	9,368	7,790
Accounts payable	4,733	3,288
Taxes payable	2,974	1,877
Other liabilities	886	1,993
Deferred income tax and employee profit sharing	11	11
Total current liabilities	23,460	21,345
Long-Term Liabilities:		
Bank loans and notes payable	10,497	12,455
Deferred income tax and employee profit sharing	2,875	2,463
Labor liabilities	1,208	1,305
Contingencies	2,467	2,076
Other liabilities	1,885	1,861
Total long-term liabilities	18,932	20,160
Total liabilities	42,392	41,505
Equity:		
Non-controlling interest	2,333	1,707
Controlling interest	63,704	54,761
Total equity:	66,037	56,468
TOTAL LIABILITIES AND EQUITY	Ps. 108,429	Ps. 97,973

Consolidated Income Statements and Comprehensive Income	**2009**	**2008**	**2007**
Net sales	Ps. 99,835	Ps. 80,595	Ps. 68,969
Other operating revenues	558	504	162
Total revenues	100,393	81,099	69,131
Cost of goods sold	54,335	43,490	36,118
Gross profit	46,058	37,609	33,013
Operating expenses:			
Administrative	5,341	3,954	3,810
Selling	26,514	21,532	18,462
Restructuring	-	28	-
Market value, (gain) loss of operating derivative instruments	(12)	53	7
	31,843	25,567	22,279
Income from operations	14,215	12,042	10,734
Comprehensive financing result:			
Interest expense	1,775	1,961	2,118
Interest income	(282)	(427)	(613)
Foreign exchange loss (gain), net	365	1,477	(99)
(Loss) on monetary position in inflationary subsidiaries,	-	-	(1,007)
Market value (gain) loss on ineffective portion of derivative financial instruments	(106)	906	(121)
	1,752	3,917	278
Other expenses, net	226	440	241
Income before income taxes	12,237	7,685	10,215
Income taxes	3,525	1,987	3,272
Income before participation in affiliated companies	8,712	5,698	6,943
Equity interest in results of affiliated companies	141	104	10
Consolidated net income	Ps. 8,853	Ps. 5,802	Ps. 6,953
Less: net income attributable to the noncontrolling interests	(446)	(231)	(188)
Net income attributable to the controlling interests	Ps. 8,407	Ps. 5,571	Ps. 6,765

Consolidated net income	Ps. 8,853	Ps. 5,802	Ps. 6,953
Other comprehensive income	2,060	486	1,758

Consolidated comprehensive income	Ps. 10,913	Ps. 6,288	Ps. 8,711
Less: comprehensive income attributable to the noncontrolling interest	(592)	(175)	(159)
Comprehensive income attributable to the controlling interest	Ps. 10,321	Ps. 6,113	Ps. 8,552
Net income per share	Ps. 4.55	Ps. 3.02	Ps. 3.66

Consolidated Cash Flows	**2009**	**2008**	**2007**
Operating Activities:			
Consolidated Net Income	Ps. 8,853	Ps. 5,802	Ps. 6,953
Restatement effect	-	-	(1,299)
Non-cash operating expenses	228	310	644
Equity in earnings affiliated companies	(142)	(104)	(10)
Unrealized gain on marketable securities	(112)	-	-
Gain on deconsolidation of Crystal operations	(120)	-	-
Gain on acquisition of Brisa intangible assets	(72)	-	-
Other adjustments regarding operating activities	8	-	-
Adjustments regarding investing activities:			
Depreciation	3,696	3,151	2,717
Amortization	307	240	-
Loss on sale of long-lived assets	186	170	-
Disposal of long-lived assets	124	372	-
Interest income	(286)	(433)	-
Non controlling interest	-	113	-
Income tax	3,574	2,100	224
Adjustments regarding financing activities:			
Interest expenses	1,850	2,080	-
Foreign exchange loss, net	370	1,477	-
Derivative financial instruments	(318)	961	-
	18,146	16,239	9,229
Increase in accounts receivable	(394)	(179)	(2,082)
Decrease (increase) in inventories	33	(486)	(615)
(Increase) decrease in other assets	(314)	151	(37)
Increase in suppliers and other accounts payable	2,808	71	996
(Decrease) increase in other liabilities	(424)	(263)	2,258
Decrease in labor liabilities	(169)	(167)	(129)
Income tax paid	(3,061)	(3,618)	-
Net cash flows from operating activities	16,625	11,748	9,620
Investing Activities:			
Acquisition of Minas Gerais Ltda. “REMIL”, net of cash acquired (Note 5)	-	(3,633)	-
Acquisition of Brisa business (Note 5)	(717)	-	-
Acquisition of Agua de los Angeles business (Note 5)	-	(206)	-

Purchases of investment available-for-sale	(2,001)	-	-
Proceeds from sales of shares of Jugos del Valle (Note 9)	-	741	-
Interest received	286	433	-
Acquisition of long-lived assets	(5,752)	(4,608)	(3,432)
Proceeds from the sale of long-lived assets	638	532	587
Other assets	1	521	-
Investment in shares available for sale	-	-	(684)
Acquisition of intangible assets	(1,355)	(1,079)	(2,096)
Net cash flows from investing activities	(8,900)	(7,299)	(5,625)
Financing Activities:			
Bank loans obtained	6,641	4,319	4,641
Bank loans repaid	(9,376)	(6,161)	(5,082)
Interest paid	(2,047)	(2,087)	-
Dividends declared and paid	(1,344)	(945)	(809)
Acquisition of noncontrolling interests	-	(223)	-
Other liabilities	97	(164)	-
Net cash flows from financing activities	(6,029)	(5,261)	(1,250)
Increase (decrease) in cash and cash equivalents	1,696	(812)	2,745
Translation and restatement effects	(261)	(538)	324
Initial cash and cash equivalents	6,192	7,542	4,473
Ending balance of cash and cash equivalents	Ps. 7,627	Ps. 6,192	Ps. 7,542

Consolidated Statements of Changes in Equity	**2009**	**2008**
Equity at the beginning of the year	Ps. 56,468	Ps. 51,125
Dividends declared and paid	(1,344)	(945)
Cumulative other comprehensive income:		
Cumulative translation adjustment	3,085	2,132
Gains (losses) on cash flow hedges	147	(90)
Reversal of inflation effects for inflationary subsidiaries	(1,172)	(1,556)
Total other comprehensive income	2,060	486
Net income	8,853	5,802
Equity at the end of the year	Ps. 66,037	Ps. 56,468

Note 27. Reconciliation of Mexican FRS to U.S. GAAP.

a) Reconciliation of Net Income:

	2009	**2008**	**2007**
Consolidated net income under Mexican FRS	Ps. 8,970	Ps. 5,826	Ps. 7,103
U.S. GAAP adjustments:			
Reversal of inflation effects (Note 4a)	(553)	(355)	-
Restatement of imported equipment (Note 26e)	(195)	(193)	(185)
Capitalization of comprehensive financing result (Note 26f)	(29)	64	2
Gain on deconsolidation of Crystal operations (Note 26k)	120	-	-
Gain on acquisition of Brisa intangible assets (Note 26d)	72	-	-
Deferred income taxes (Note 26h)	469	481	64
Deferred employee profit sharing (Note 26h)	(83)	(95)	31
Labor liabilities (Note 26i)	(1)	2	(1)
Seniority premiums (Note 26i)	(2)	15	-
Severance indemnities (Note 26i)	36	281	(49)
Deferred promotional expenses (Note 26c)	49	(111)	(12)
Acquisition of Colombia non-controlling interest (Note 26j)	-	(113)	-
Total U.S. GAAP adjustments	(117)	(24)	(150)
Consolidated net income under U.S. GAAP	Ps. 8,853	Ps. 5,802	Ps. 6,953

Under U.S. GAAP, the monetary position effect of the income statement adjustments of inflationary economic environments is included in each adjustment, except for the capitalization of interest expenses, intangible assets as well as pension plan liabilities, which are non-monetary.

b) Reconciliation of Equity:

	2009	2008
Total equity under Mexican FRS	Ps. 68,472	Ps. 57,616
U.S. GAAP adjustments:		
Reversal of inflation effects	(4,325)	(2,153)
Intangible assets (Note 26d)	46	46
Restatement of imported equipment (Note 26e)	594	777
Capitalization of comprehensive financing result (Note 26f)	132	159
Gain on deconsolidation of Crystal operations (Note 26k)	120	-
Gain on acquisition of Brisa intangible assets (Note 26d)	72	-
Deferred income taxes (Note 26h)	1,127	617
Deferred employee profit sharing (Note 26h)	24	(71)
Deferred promotional expenses (Note 26c)	(105)	(154)
Pension liability (Note 26i)	2	(212)
Seniority premiums (Note 26i)	(12)	(15)
Severance indemnities (Note 26i)	(110)	(142)
Total U.S. GAAP adjustments	(2,435)	(1,148)
Equity under U.S. GAAP	Ps. 66,037	Ps. 56,468

c) Reconciliation of Comprehensive Income:

	2009	2008	2007
Consolidated comprehensive income under Mexican FRS	Ps. 12,200	Ps. 8,003	Ps. 7,157
U.S. GAAP adjustments:			
Net income (Note 27a)	(117)	(24)	(150)
Cumulative translation adjustment	(59)	(29)	-
Reversal of inflation effects	(1,171)	(1,556)	-
Restatement of prior years financial statements	-	-	1,197
Result of holding non-monetary assets	-	-	629
Labor obligations	60	(106)	(122)
Consolidated comprehensive income under U.S. GAAP	Ps. 10,913	Ps. 6,288	Ps. 8,711

Note 28. Future Impact of Recently Issued Accounting Standards Not Yet in Effect.

a) Mexican FRS:
In October 2008, the Comisión Nacional Bancaria y de Valores (CNBV) issued a press release to notify its intention to adopt International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), for issuers whose securities are offered or sold in Bolsa Mexicana de Valores (BMV). For this purpose, CNBV will work on the regulatory adjustments to establish issuers' requirements to prepare and disclose their financial information using IFRS starting on 2012. Additionally, CNBV permits issuers to adopt IFRS in an anticipated manner (for 2008, 2009, 2010 and 2011 reports). The Company is currently in process to evaluate the impact of adopting IFRS.

The following accounting standards have been issued under Mexican FRS. The application of which is required as indicated. The Company is in the process of assessing the effect of adopting the new standards.

- **NIF B-5 "Financial Information by Segment"** includes definitions and criteria for reporting financial information by operating segment. NIF B-5 establishes that an operating segment shall meets the following criteria: i) the segment engages in business activities from which it earn or is in the process of obtain revenues, and incur in the relative costs and expenses; ii) the operating results are reviewed regularly by the main authority of entity's decision maker; and iii) specific financial information is available. NIF B-5 requires disclosures related to operating segments subject to reporting, including details of earnings, assets and

liabilities, reconciliations, information about products and services, and geographical areas. NIF B-5 is effective beginning on January 1, 2011 and this guidance shall be applied retrospectively for comparable purposes.

- **NIF B-9 "Interim Financial Reporting"** prescribes the content to be included in a complete or condensed set of financial statements for an interim period. In accordance, the complete set of financial statements shall include: a) a statement of financial position as of the end of the period, b) an income statement for the period, c) a statement of changes in shareholders equity for the period, d) a statement of cash flows for the period, and e) notes providing the relevant accounting policies and other explanatory notes. Condensed financial statements shall include: a) condensed statement of financial position, b) condensed income statement, c) condensed statement of changes in shareholder's equity, d) condensed statement of cash flows, and e) selected explanatory notes. NIF B-9 is effective beginning on January 1, 2011. Interim financial statements shall be presented in a comparative form.

- **NIF C-1 "Cash and cash equivalents"** establishes that cash shall be measured at nominal value, and cash equivalents shall be measured at its acquisition cost for initial recognition. Subsequently, cash equivalents should be measured according to its designation: precious metals shall be measured at fair value, foreign currencies shall be translated to the reporting currency applying the closing exchange rate, other cash equivalents denominated in a different measure of exchange shall be recognized to the extent provided for this purpose at the closing date of financial statements, and available-for-sale investments shall be presented at fair value. Cash and cash equivalents will be presented in the first line of assets (including restricted cash). NIF C-1 is effective beginning on January 1, 2010 and shall be applied retrospectively.

b) U.S. GAAP:
The following accounting standards have been issued under U.S. GAAP, the application of which is required as indicated below.

• ASC 715 (formerly FSP FAS 132(R)-1)
In December 2008, the FASB issued FASB Staff Position FAS 132(R)-1, "Employers´ Disclosures about Postretirement Benefit Plan Assets" ("FSP FAS 132(R)-1"). FSP FAS 132(R)-1 was codified as a component of ASC 715. This new guidance amends previous U.S. GAAP in that this guidance replaces the requirement to disclose the percentage of fair value of total plan assets with a requirement to disclose the fair value of each major asset category. It also clarifies that defined benefits pension or other postretirement plan assets not subject to certain disclosure requirements. This new guidance is effective for fiscal years ending after December 2009. This new guidance will increase the amount of disclosures for plan assets in the Company's 2010 audited financial statements.

• ASC 860 (formerly FAS 166)
FASB Statement No. 166 "Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140" ("FAS 166") provides for removal of the concept of a qualifying special-purpose entity and removes the exception from applying variable interest entity accounting, to qualifying special-purpose entities.
It also clarifies that one objective of U.S. GAAP is to determine whether a transferor and all of the entities included in the transferor's financial statements being presented have surrendered control over transferred financial assets. FAS 166 modifies the financial-components approach used in U.S. GAAP and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset. FAS 166 also defines the term participating interest to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. FAS 166 requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are also required by FAS 166.

FAS 166 must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009. This statement must be applied to transfers occurring on or after the effective date. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

• ASC 810 (formerly FAS 167)
The FASB's objective in issuing FAS 167 "Amendments to FIN 46R" ("FAS 167") is to improve financial reporting by enterprises involved with variable interest entities. The Board undertook this project to address (1) the effects on certain provisions of ASC 810 (formerly FIN 46R "Consolidation of Variable Interest

Entities"("FIN 46R")), as a result of the elimination of the qualifying special-purpose entity concept in FAS 166, and (2) constituent concerns about the application of certain key provisions, including those in which the accounting and disclosures under previous guidance do not always provide timely and useful information about an enterprise's involvement in a variable interest. FAS 167 shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

Note 29. Subsequent events.
In January 2010, the Venezuelan government announced a devaluation of its official exchange rates and the establishment of a multiple exchange rate system of: (1) 2.60 bolivares to US$ 1.00 for high priority categories, (2) 4.30 bolivares to US$ 1.00 for non-priority categories and, (3) the recognition of the existence of other exchange rates in which the government shall intervene. The exchange rate that will be used to translate the Company's financial statements to its reporting currency beginning in January 2010 pursuant to the applicable accounting rules will be 4.30 bolivars per U.S. dollar. As of December 31, 2009, the financial statements were

translated to Mexican pesos using the exchange rate of 2.15 bolivars per U.S. dollar. As a result of this devaluation, the balance sheet of the Company's Venezuelan subsidiary reflected a reduction in shareholders equity of Ps. 3,700 million which will be accounted for at the time of the devaluation in January 2010. The devaluation of the bolivares did not result in a significant exchange losses in January 2010 as a result of remeasuring US Dollar denominated monetary items on hand as of December 31, 2009.

On February 5, 2010, the Company issued US $500 in Senior Notes due 2020, bearing interest at a fixed rate of 4.625%, due February 15, 2020. The Company has entered into a registration rights agreement with the holders of the Senior Notes requiring the Company to register the Senior Notes with the United States Securities and Exchange Commission which the Company expects to complete in the current year.

On February 10, 2010, the Company's Board of Directors agreed to propose an ordinary dividend of Ps. 2,604 million. This dividend was approved at the Annual Shareholders meeting on April 14, 2010 and represents an increase of 94% as compared to the dividend was paid on April 26, 2009.

In February 2010, FEMSA and the Coca-Cola Company amended the shareholders agreement among the Company's two primary shareholders, and the Company's by-laws have been amended accordingly on April 14, 2010. The amendments primarily relates to changes in the voting requirements for certain decisions of the Board of Directors.

With the proceeds from the issuance of the US$ 500 Senior Notes the Company repaid at maturity its Certificados Bursatiles on February 25, 2010 for Ps. 2,000 as well as Ps. 1,000 on April 16, 2010.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all the requirements for filing on Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Coca-Cola FEMSA, S.A.B. de C.V.

By: /s/ Héctor Treviño Gutiérrez
Héctor Treviño Gutiérrez
Chief Financial Officer

Date: June 10, 2010

Exhibit 1.1

COCA-COLA FEMSA, S.A.B. DE C.V.

BY-LAWS

CHAPTER I

NAME, PURPOSE, DURATION, LEGAL RESIDENCE AND NATIONALITY OF THE COMPANY

ARTICLE 1: The Company is called “COCA-COLA FEMSA" followed by the words "SOCIEDAD ANONIMA BURSATIL DE CAPITAL VARIABLE" (Variable Stock Corporation), or by the abbreviation "S.A.B. DE C.V."

ARTICLE 2: The purposes of the Company shall be:

(a) To establish, promote and organize commercial or civil companies of any type, as well as to acquire and possess shares or participations in them;

(b) To acquire, possess and sell bonds, shares, participations and securities of any type, participate in the borrowing and lending of securities, enter into partnerships, companies and joint ventures and, in general, to carry out all types of active and passive transactions involving said securities;

(c) To provide or receive advisory, consulting or other types of services in industrial, commercial, financial, legal and tax matters and in any other area related to the promotion, administration and management of companies;

(d) To acquire, build, manufacture, import, export, dispose of and, in general, conduct business with all types of machinery, equipment, raw materials and any other items necessary to the companies in which it has an interest or with which it has commercial relations;

(e) To request, obtain, register, buy, lease, sell or in any other way dispose of and acquire trademarks, commercial names, copyrights, patents, inventions, franchises, distributions, concessions and processes;

(f) To acquire, build, lease and, under any other title possess and operate, the real and personal property required by or necessary for its purpose, as well as to install or, under any other title operate, plants, workshops, warehouses, stores, storage facilities or depositories; to subscribe or buy and sell stocks, bonds and securities as well as to undertake any other transactions which may be necessary or conducive to the main business purpose; and

(g) To draw, accept, make, endorse or guarantee ("avalar") negotiable instruments, issue bonds secured with real property or unsecured, and to make the company jointly and severally liable, as well as to grant security of any type with regard to the obligations entered into by the Company or by third parties, and in general, to perform such acts, enter into such contracts and carry out such other transactions as may be necessary or conducive to the business purpose of the Company.

ARTICLE 3: The Company shall have a term of 99 (ninety-nine) years, beginning as of the incorporation date of the Company.

ARTICLE 4: The legal domicile of the Company is México, Distrito Federal, and the Company may establish agencies, offices or branches in other places in the Mexican Republic or abroad.

ARTICLE 5: Any foreigner who, at the time of incorporation or at any subsequent time, acquires a corporate interest or participation in the Company, will be considered by that fact alone as Mexican with respect to such interest or participation, and it is understood that he agrees not to invoke the protection of his

government, under the penalty, in case of failure to comply with this agreement, of forfeiting said interest or participation to the benefit of the Mexican Nation.

CHAPTER II
CAPITAL STOCK AND SHARES

ARTICLE 6: (a) The Company is a variable capital stock corporation. The minimum fixed Capital Stock not subject to withdrawal is equal to $820,502,794 (eight hundred and twenty million five hundred and two thousand pesos seven hundred ninety four pesos, national currency), which is fully paid and subscribed. The variable Capital Stock shall be unlimited.

(b) At least 75% of the Capital Stock will be represented by ordinary shares, (without expression of par value) These shares will be divided into three Series: Series "A" ordinary shares with restricted transferability, Series "D" ordinary shares with restricted transferability, and Series "B" ordinary shares of free transferability. The Capital Stock will also be represented by not more than 25% of Series "L" shares with limited voting rights, free transferability (without expression of par value).

(c) The Series "A" shares shall represent at all times no less than 51% of the Capital Stock represented by ordinary shares, and shall be subscribed to and held only by Mexican investors. The Series "D" shares shall constitute at all times no less than 25% of the Capital Stock represented by ordinary shares and shall be of free subscription. The Series “B" shares shall be free subscription and shall, together with the Series “D" shares, not exceed 49% of the Capital Stock represented by ordinary shares. The Series "L” shares shall, at all times subsequent to the authorization of the National Securities Commission and the Foreign Investment Commission of Mexico, not be counted for purposes of determining the amount and percentage of foreign participation in the Capital Stock of the Company.

If Series “A” shares are subscribed or acquired by any other shareholders holding shares of any other Series, and such shareholders has a nationality other than Mexican, such Series “A” shares shall be automatically converted in shares of the same series of stock that such shareholder own, and such conversion shall be considered perfected at the same time of said subscription or acquisition. In the same extent, if Series “D” shares are subscribed or acquired by any Series “A” shareholder, those shares will be automatically converted into Series “A” shares. Provided that the percentages of capital stock described in this paragraph c) are complied, the Series “A” shareholder and/or the Series “D” shareholders shall be entitled at any time to assign, in part or as a whole, their right to subscribe shares (i) in favor of a Subscription Subsidiary (as defined in article 15 (g) below) and/or in favor of any other shareholder of the other series of shares; and (ii) in favor of any of their affiliates, with the written consent of all Series “A” and Series “D” shareholders.

For purposes of the foregoing, it shall be stated the waiver of the respective pre-emptive rights, as well as the assignment of such rights, and as the case may be, the consent of the Series “A” and Series “D” shareholders in the minutes of the shareholders meeting approving the capital stock increase or by means of written instruments delivered to the Secretary of the Company before the expiration of the term to exercise such pre-emptive rights. The shares that, in exercise of a right assigned, are subscribed by shareholders holding other shares of stock, or by affiliates of such shareholders, shall be automatically converted into shares of the same series of stock that the shareholder that assigned such rights holds.

(d) The Series “A” and the Series “D" shares shall be shares with restricted transferability, and as such, shall be subject to the restrictions set forth in article 15 hereto and verification by the Company’s Transfer Agent referred to in article 17 hereof for their transfer to be effective.

(e) Within their respective Series, the shares give their holders the same rights and subject their holders to the same obligations.

(f) The certificates representing the shares shall bear the manual signature of one Series "A" and one Series “D" Director.

(g) The Series "L" shares shall only have voting rights as to those limited matters described in these By-Laws and specified in the corresponding share certificates. Such limited matters are as follows: changes in the legal form of the Company, other than changes from Sociedad Anónima Bursátil de Capital Variable to Sociedad Anónima Bursátil and vice versa; merger with another corporation, in the capacity of merged corporation, or merger with another corporation in the capacity of merging corporation, when the principal corporate purposes of the merged corporation are not related to or connected with those of the Company or its subsidiaries; and the cancellation of the registration of the shares issued by the Company with the National Registry of Securities or with other foreign stock exchanges in which the shares may be listed.

(h) It is understood and agreed by the holders of Series "L" shares that under no circumstances will such holders have the right to determine the management of the Company, its investments, increases or reductions of Capital Stock, the issuance or amortization of the shares representing the Capital Stock, changes in these By-Laws or the dissolution or liquidation of the Company, or have any rights other than those expressly granted pursuant to paragraph (g) of this article 6; provided, however, that the holders of Series "L" shares shall, have the right to designate up to 3 Proprietary Directors and their respective Alternate Directors, as set forth in article 25 section (a) of these by-laws.

Series “L” shareholders shall also be entitled to vote in the matters expressly approved by the Securities Market Law.

ARTICLE 7: The Company shall be able to issue limited voting shares, described herein as Series "L" shares, which, with the prior authorization of the National Banking and Securities Commission and the Foreign Investment Commission of Mexico, will be considered issued under the applicable provisions of the Stock Exchange Law and the corresponding authorizations issued by the National Banking and Securities Commission. article 198 of the General Law of Commercial Companies shall not apply to such shares, and such shares shall be subject to other limitations on corporate rights as specified herein.

ARTICLE 8: Any increase or reduction of the fixed portion of the Capital Stock, and any consequent amendment of clause three of the *escritura constitutiva* and article 6 of these By-Laws shall be accomplished pursuant to a resolution adopted at an Extraordinary Shareholders' Meeting in accordance with the terms of article 23 hereof.

In addition, in accordance with article 53 of the Mexican Securities Market Law, any capital increase by means of issuance of non-subscribed shares kept in treasury of the Company will be a matter subject to the approval through an extraordinary shareholders meeting.

ARTICLE 9: Any increase or reduction of the variable portion of the Capital Stock, shall be resolved by the general ordinary shareholders meeting pursuant to article 23 of these by-laws.

ARTICLE 10: The variable portion of the Capital Stock may be increased, as and when approved at an Ordinary Shareholders' Meeting, through the issuance of new shares or the offering of treasury shares (shares that are authorized, issued and unsubscribed shall be referred to herein as "Treasury Shares") held for this purpose, provided that the shareholders shall have preemptive rights to subscribe such shares within their respective series of shares, provided that the shareholders meeting approves that such shares shall be paid in cash.. The exercise of this right

shall be carried out pursuant to the terms of article 132 of the General Law of Commercial Companies. In accordance with article 53 of the Securities Market Law, with respect to treasury shares, such shares must be subscribed by means of a public offer. The shareholders will not have the pre-emptive right abovementioned with respect to issuance of new shares or placement of treasury shares in connection with: (i) merger by the Company; (ii) conversion of debt instruments issued in accordance with the General Law of Securities and Credit Operations, (iii) public offer in accordance with articles 53, 56 and related provisions of the Securities Market Law; (iv) capital increase by means of in kind payment of the shares issued, or by means of cancellation of debt owed by the Company; and (v) placement of shares repurchased by the Company.

ARTICLE 11: In accordance with article 50 of the Securities Market Law, variable capital stock shareholders will not have the redemption right established on article 220 of the General Law of Commercial Companies.

ARTICLE 12: The Company, under the terms of the Stock Exchange Law and the general regulations issued by the National Banking and Securities Commission, shall be able to temporarily acquire shares representing its Capital Stock.

As established on article 56 of the Securities Market Law, companies controlled by the Company can not acquire, directly or indirectly, shares of stock issued by the Company or other securities representing such shares. It will be exempted from this prohibition, acquisitions which are made through investment companies (*sociedades de Inversión*).

ARTICLE 13: All increases or reductions of the Capital Stock shall be recorded by the Company in a Registry Book kept for such purpose.

ARTICLE 14: The Company may redeem part of its shares by using distributable profits according to the following rules:

(a) The redemption must be resolved by an Extraordinary Shareholders Meeting.

(b) Only fully paid shares may be redeemed.

(c) The shares to be redeemed shall be acquired pursuant to the rules set forth in article 136 of the General Law of Commercial Companies.

(d) The certificates representing redeemed shares shall be cancelled.

ARTICLE 15: (a) No sale, transfer, assignment, pledge or other disposition (any of the foregoing being hereinafter referred to as a "Transfer") of Series "A" shares or Series "D" shares will be valid if it is not carried out in accordance with the following procedures, unless all the holders of the Series "A" and "D" shares give their prior written approval.

(b) Any shareholder that wishes to sell Series "A" or "D" shares (the "Selling Shareholder") shall communicate such intention in writing to the Series "A" shareholders (if the shares to be sold are Series "D" shares) or the Series "D" shareholders (if the shares to be sold are Series "A", shares) (the shareholders required to receive such notice being hereafter referred to as "Offeree Shareholders") and to the Chairman of the Board of Directors, the designated representative of the Series D Directors and the Transfer Agent 90 days prior to such proposed sale, which writing shall communicate the intention to sell such shares, the number of shares intended to be sold, the name of the proposed purchaser, the proposed price, which must be payable entirely in cash (the "First Refusal Price") , as well as any other terms in connection with the proposed sale.

(c) During said period of 90 days, the Offeree Shareholders, each of whom shall be bound by the decision of Offeree Shareholders holding a majority of the Series "A" or Series "D" shares, as the case may be, will have an option to purchase all (but not less than all) of the shares offered at the First Refusal Price, to be paid in cash and on the same terms offered to the proposed purchaser, provided that, in the event such option is exercised, any Offeree Shareholder so required to purchase shares may designate any other person or persons on its behalf to acquire such shares and provided that the Offeree Shareholders give prior written notice of the exercise of such option to the Chairman of the Board of Directors, the designated representative of the Directors appointed by the Series "D" shareholders and the Transfer Agent. In the event such option is exercised, (i) if the shares to be acquired pursuant to such option are series "A" shares, each Offeree Shareholder shall be required to acquire such shares in the proportion its series "D" shares bear to all issued, subscribed and paid Series "D" shares, (ii) if the shares to be acquired pursuant to such option are series "D" shares, each Offeree Shareholder shall be required to acquire such shares in the proportion its Series "A" shares bear to all issued, subscribed and paid series "A" shares and (iii) the Selling Shareholder and each of the Offeree Shareholders (or any designee of such Offeree Shareholder) shall consummate the transactions implied by the exercise of such option within 10 business days after the date on which such option is exercised.

(d) In case the Offeree Shareholders do not exercise the aforementioned purchase option, the Selling Shareholder will have 90 days beginning on the earlier of (i) the date on which the 90day period referred to in the immediately preceding paragraph ends and (ii) the date on which the Selling Shareholder receives written notice from the Offeree Shareholders of their desire not to exercise their option, to consummate the proposed sale, in its entirety, at price not less than the First Refusal Price and on terms no less favorable to the Selling Shareholder than those offered to the Offeree Shareholders.

(e) At any time when any shares of the Company's Capital Stock are listed for public trading on the Mexican Stock Exchange ("*Bolsa Mexicana de Valores*"), any holder shall be entitled to sell Series "A" or Series "D" shares through a public offering on such Exchange, provided that it complies with the terms of paragraphs (b) through (e) of this article 15, except that the Selling Shareholder need not provide the Offeree Shareholders with the names of the proposed purchasers.

(f) Should any Series "A" or "D" shareholder propose to pledge its shares to a financial or credit institution (the "Pledgee"), such shareholder (the "Pledgor") shall deliver to the Chairman of the Board of Directors, the designated representative of the Series D Directors and the Transfer Agent, prior to the execution of such pledge, a written agreement in which the Pledgee agrees (i) to notify the Chairman of the Board of Directors of the Company and the designated representative of the Series D Directors of any default under the pledge, (ii) to comply with all the procedures set forth in paragraphs (b) through (d) and any other applicable provisions of this article 15 prior to any foreclosure of the pledged shares and (iii) to irrevocably waive any right of self adjudicating the shares, even with the written consent of the shareholder that granted the pledge, until it has fully complied with such restrictions and procedures, and (iv) that the Pledgor shall be entitled to vote the pledged shares so long as it is the registered holder thereof. In the event of such a foreclosure, the First Refusal Price shall be determined by an auction or, if such auction is not required by law and the transfer is to be carried out in a different manner, such First Refusal Price will be equivalent to the "Fair Market Value" of such shares, as determined pursuant to paragraph (1) of this article 15.

(g) Notwithstanding the foregoing, (i) any shareholder (a "Subscription Shareholder") that acquires Series "A" or Series "D" shares by subscription (or that acquired Series "A" or Series "D" shares in connection with a recapitalization in exchange for shares of the Company it acquired by subscription) may Transfer any such shares to a which it owns, directly or indirectly, more than 50% of the

outstanding shares of the capital stock with voting power (with respect to such Subscription Shareholder, a "Subscription Subsidiary"), and (ii) any Subscription Subsidiary may Transfer any such shares to such Subscription Shareholder or any other Subscription Subsidiary of such Subscription Shareholder, provided that in each case the Transferor shall gives prior written notice to the Chairman of the Board, the designated representative of the Directors appointed by the Series "D" shareholders and the Transfer Agent.

(h) Any shareholder that wishes to Transfer Series "A" or "D" shares in any manner whatsoever except as permitted by paragraphs (b) through (g) hereof (the “FMV Shares”) shall communicate such intention in writing to the Series “A” shareholders (if the FMV Shares are Series “D” shares) or the Series “D” shareholders (if the FMV Shares are Series “A" shares) (the shareholders required to receive such notice being hereafter referred to as the "FMV Offeree Shareholders”) and to the Chairman of the Board of Directors, the designated representative of the Series D Directors and the Transfer Agent, which writing shall communicate the intention to Transfer the FMV Shares, the number of FMV Shares, the name of the proposed transferee and a detailed description of the proposed Transfer and the terms thereof, including any, compensation to be paid.

(i) For a period of 90 days following delivery of such notice, FMV Offeree Shareholders holding a majority of the Series "A" or Series “D” shares, as the case may be, shall be entitled to demand a determination of Fair Market Value of the FMV Shares by delivering a notice in writing to the proposed transferor and to the Chairman of the Board of Directors, the designated representative of the Series D Directors and the Transfer Agent. If such a demand is so delivered, the FMV Offeree Shareholders, each of whom shall be bound by the decision of FMV Offeree Shareholders holding a majority of the Series “A" or Series “D" shares, as the case may be, and the proposed transferor shall proceed as rapidly as practicable to determine the Fair Market Value of the FMV Shares.

(j) The FMV Offeree Shareholders, each of whom shall be bound by the decision of FMV Offeree Shareholders holding a majority of the Series “A" or series “D” shares, as the case may be, shall have an option to purchase all (but not less than all) of the FMV shares at a price equal to their Fair Market Value within 90 days following the determination thereof, provided that, in the event such option is exercised, any FMV Offeree Shareholder so required to purchase shares may designate any other person or persons on its behalf to acquire such FMV Shares. In the event such option is exercised, (i) if the FMV Shares are Series “A" shares, each FMV Offeree Shareholder shall be required to acquire such FMV Shares in the proportion its Series "D" shares bear to all issued, subscribed and paid Series "D" shares, (ii) if the FMV Shares are Series "D” shares, each Offeree Shareholder shall be required to acquire such FMV shares in the proportion its Series "A" shares bear to all issued, subscribed and paid Series "A" shares and (iii) the proposed transferor and each of the FMV Offeree Shareholders (or any designee of such FMV Offeree shareholder) shall consummate the transactions implied by the exercise of such option within 10 business days after the date on which such option is exercised.

(k) In case the FMV Offeree Shareholders do not exercise the aforementioned purchase option, the proposed transferor will have 90 days beginning on the earlier of (i) the date on which the 90 day option period referred to in the immediately preceding paragraph ends and (ii) the date on which the proposed transferor receives written notice from the FMV Offeree Shareholders of their desire not to exercise their option, to consummate the proposed Transfer, in its entirety, on the terms specified in the notice referred to in paragraph (h) of this article 15.

(l) As used in this article 15, the "Fair Market Value" of the Company’s shares shall mean an amount equal to the "Company Value", as defined below, multiplied by a fraction, the numerator of which is the number of the Company's shares that are being valued, and the denominator of which is the total number of

issued, subscribed and paid shares as of the valuation date. As used in this article 15, the term "Company Value" shall mean the amount in New Pesos that, as of the date of such valuation, would be received for all issued, subscribed and paid shares of the Company's Capital Stock in an arm's-length transaction between a willing buyer and seller, determined as follows:

1. The two parties determining Fair Market Value will each make an independent determination of the Company Value (each an "Original Valuation Determination") and will submit it to the Chairman of the Board of Directors, the designated representative of the Series D Directors and the Transfer Agent. If the two valuations differ by an amount which is less than 10% of the smaller valuation, the Company Value will be the average of such Original Valuation Determinations.

2. If the difference between the two valuations is an amount which is greater than 10% of the smaller valuation, the parties will each select a financial institution from a list of internationally recognized institutions approved by a majority of the Series A Directors and a majority of the Series D Directors. These two institutions will make their respective determinations of the Company Value (the "Second Valuations") and submit them to the Chairman of the Board of Directors, the designated representative of the Series D Directors and the Transfer Agent. If the Second Valuations differ by an amount which is less than 10% of the smaller valuation, the Company Value will be the average of such Second Valuations.

3. If the Second Valuations differ by an amount which is greater than 10% of the smaller valuation, the two aforementioned institutions will select a third institution from the same list from which they were chosen, which institution shall then make its own determination of the Company Value (the "Third Valuation") .The two Second Valuations and the Third Valuation will be averaged together, and the Original Valuation Determination that is nearest to this average will be deemed to be the Company Value.

ARTICLE 16: The Company may be reorganized into one of several corporations pursuant to a resolution adopted at an Extraordinary Shareholders' Meeting.

ARTICLE 17: The Company will have a shares registry and will consider as shareholders only those persons who appear registered in such registry. Upon the appointment of the Trustee Division of Banco Santander, S.A. (formerly Banca Serfin, S.A.) (or any other trust institution that the Board of Directors may select) as transfer agent of the Company (the "Transfer Agent"), the Company will register its shares of capital Stock of any Series with the Transfer Agent; with respect to such shares, the Company will consider as owner only those shareholders who appear in the registry of such trust institution and, before making changes in such registry with respect to Series "A" or "D" shares, such trust institution must verify full compliance with the provisions set forth in article 15 hereof.

ARTICLE 18: In the event of the cancellation of the inscription of the shares of the company or the titles which represent them in the National Register of Securities, either by the request of the Company with the prior consent of the extraordinary shareholders meeting and with the favorable vote of the shareholders, including the shareholders with restricted votes or non-voting shares, representing 95% of the capital stock outstanding, or by a resolution of the National Banking and Securities Commission, in both cases, in accordance with the provisions of article 108 of the Securities Market Law, the Company shall effect, prior to such cancellation, a tender offer subject to the provisions of the Securities Market Law.

The Company shall affect in a trust for a period of at least 6 months counted from the date of cancellation of the shares, the necessary resources to acquire at the same price than during the tender offer, the shares from the investors that did not participate in such offer.

In order to comply with the provisions of the Securities Market Law, the board of directors of the Company shall disclose to the public, its opinion with respect to the price of the tender offer.

CHAPTER III
SHAREHOLDERS' MEETINGS

ARTICLE 19: (a) The General Meeting of Shareholders is the supreme authority of the Company, all other corporate authority being subordinate thereto.

(b) The Shareholders' Meetings shall be either General (Ordinary or Extraordinary) or Special and will be held at the domicile of the Company. Extraordinary Meetings will be those which are held to deal: a) with any of the matters contained under article 182 (except in the event of capital increase or reduction in the variable part of the capital stock in accordance with article 9 of these by-laws) and article 228 bis of the General Law of Commercial Companies; (b) the cancellation of the registration of shares or the titles that represent them issued or to be issued by the Company in the National Register of Securities, or with foreign stock exchanges in which such shares may have been listed;

(c) The amortization by the Company of shares of its capital stock with distributable earnings and, if applicable, issuance of working shares (*acciones de goce*). In order to comply with the Securities Market Law, the company's board of directors shall make public its opinion with respect to the offer.

(d) The capital stock increase in accordance with article 53 of the Securities Market Law; and

(e) Any other matter in which applicable law or these by-laws require a special quorum.

All other General Meetings will be Ordinary Meetings. The ordinary shareholders meeting, in addition to the provisions of the General Law of Commercial Companies, will gather to approve any transaction to be entered by the Company or its control entities, within one fiscal year, if such transaction represents 20% or more of the consolidated assets of the Company based on the amounts corresponding to the end of the immediately ended quarter, regardless of the way such transactions are executed, either simultaneously or successive, but that by its characteristics can be construed as one transaction. In such shareholders meeting, restricted or non-voting shareholders shall be entitled to vote during such meetings.

Special Meetings will be those which are held to deal with matters put to the vote of a particular Series of shares. Each meeting shall deal only with the matters included in the Agenda.

ARTICLE 20: (a) An Ordinary Meeting shall be held at least once a year in the Company's offices on the date set by the Board of Directors, which date shall be within four months following the close of the corresponding fiscal year.

(b) Ordinary, Extraordinary and Special Shareholders' Meetings shall be called by the Board of Directors through its secretary or alternate secretary; also the audit and the corporate practices committees, through their respective chairman, can call a shareholders meeting.

Shareholders holding voting shares, including restricted voting shares, that individually or collectively hold 10% or more of the capital stock outstanding will be entitled to require the chairman of the board, the chairman of the audit committee or the chairman of the corporate practices committee, to call a shareholders meeting, to the effect that the percentage set forth in article 184 of the General Law of Commercial Companies will not be applicable.

Any such meetings will be called upon shareholder request pursuant to the terms set forth in articles 184 and 185 of the General Law of Commercial Companies and other applicable provisions of the Stock Exchange Law.

ARTICLE 21: (a) The call for the Ordinary, Extraordinary and Special Shareholders' Meetings, in first or further call, shall be published in the Official Newspaper in the domicile of the Company or in at least one of the newspapers of major circulation in the domicile of the Company, at least 15 days prior to the date determined for the meeting to take place.

(b) Calls for a General Shareholders' Meeting shall comply with the requirements set forth in articles 186 and 187 of the General Law of Commercial Companies, and related provisions of the Securities Market Law.

ARTICLE 22: To attend the meetings, holders of Series "A" and "D" shares must deposit their shares with the Transfer Agent and obtain written proof of ownership of such shares from the Transfer Agent in order to obtain from the Company's Corporate Secretary a certificate authorizing such shareholders' participation in the meetings, which certificate must be received at least 48 hours before the day and hour indicated for the meeting; holders of Series "B" and "L" shares must deposit their shares with the corporate Secretary and obtain a certificate from the Company's Corporate Secretary authorizing such shareholders' participation in the meetings, at least 48 hours before the day and hour indicated for the meeting or, in the case of Series "B" or "L" shares deposited in an institution for the custody of securities, said institution shall inform the Company's Corporate Secretary, on a timely basis, of the number of shares that each of its depositors maintains therein, and shall indicate if the deposit has been made on the depositor's or on a third party's behalf; this proof shall be accompanied by a listing of names prepared by depositors and previously delivered to the Company's Corporate Secretary, within the aforementioned time, in order to obtain a certificate valid for entry. The shareholders are entitled to be represented at the meetings by

proxies, through a simple power of attorney letter, or by a power of attorney issued in the formats that satisfy the conditions set forth in the Stock Exchange Law, which must be received by the Company's Corporate Secretary within the aforementioned time.

ARTICLE 23: (a) The Ordinary and Extraordinary Shareholders' Meetings, called to deal with matters in which the holders of Series "L" shares do not have voting rights, shall be considered legally convened through first or further call, provided that shareholders representing at least 76% of the issued, subscribed and paid ordinary Capital Stock are in attendance, and their resolutions shall be valid when adopted by the holders of at least a majority of the issued, subscribed and paid shares of ordinary Capital Stock voting (and not abstaining) at such meeting, such majority must also include a majority of the issued, subscribed and paid Series D Shares, with regard to any matters not listed in subsection (f) of this Article 23.

(b) Except as otherwise provided in paragraph (d) of this article 23, Extraordinary Shareholders' Meetings which are held through first or further call, to deal with matters in which the holders of Series "L" shares have voting rights, shall be considered legally convened, provided that shareholders representing at least 82% of the issued, subscribed and paid shares of Capital Stock are in attendance, and their resolutions shall be valid when adopted by holders of at least a majority of the issued, subscribed and paid shares of Capital Stock voting (and not abstaining) at such meeting, such majority must also include a majority of the issued, subscribed and paid Series D Shares, with regard to any matters not listed in subsection (f) of this Article 23.

(c) Special Shareholders' Meetings of any Series of shares, which are held through first or further call, shall be considered legally convened when holders of at least 75% of the issued, subscribed and paid shares of such Series are in

attendance, and their resolutions shall be valid when adopted by at least a majority of the issued, subscribed and paid shares of such Series.

(d) Any Ordinary, Special and Extraordinary Shareholders' Meetings shall be deemed duly called if all issued, subscribed and paid shares are represented therein, even if no notice was published, and their resolutions will be deemed valid if, at the time of voting, all shares continue to be represented.

(e) During an Ordinary Shareholders' Meeting where the Company's Financial Statements for the prior fiscal year are discussed, also shall be presented the reports referred to in article 28 section IV of the Securities Market Law.

(f) Notwithstanding the foregoing, the Ordinary and Extraordinary Shareholders' Meetings, shall also be considered legally convened through first or further call, provided that shareholders representing at least the majority of the issued, subscribed and paid ordinary Capital Stock are in attendance, and their resolutions shall be valid when adopted by the holders of at least a majority of the issued, subscribed and paid shares of ordinary Capital Stock voting (and not abstaining) at such meeting, with regard to the following matters:

(i) The declaration and payment of dividends up to 20% of the preceding years consolidated net profits, in terms of the agreed dividend policy of the Company; and

(ii) The approval of the annual audited financial statements with an unqualified auditor’s opinion.

ARTICLE 24: The Chairman of the Board of Directors, or whoever may substitute for him in his functions, shall preside over the corresponding Shareholders' Meeting; in his absence, the meeting shall be presided over by any shareholder designated by those shareholders attending the meeting. The

Secretary shall be the Board of Directors' Secretary or, in his absence, any person designated by those shareholders attending the meeting. The Chairman shall name two of the shareholders present as vote-counters ("*escrutadores*"). Voting shall be by show of hands ("*económicas*") unless at least three of the shareholders attending the meeting request that it be made by roll call ("*nominales*"). Furthermore, at the request of shareholders holding 10% (ten percent) of the capital stock shares outstanding (including restricted voting shares), the vote for any matter with respect to which they do not consider themselves sufficiently informed may be postponed by them for up to three days without the need for a new call, and without being applicable the percentage set forth in article 199 of the General Law of Commercial Companies. This right may only be exercised once for a particular matter.

CHAPTER IV

ADMINISTRATION AND SURVEILLANCE

ARTICLE 25: (a) The management and administration of Company matters shall be entrusted to a Board of Directors and to a chief executive officer. The Board of Directors shall be comprised of not more than 18 Proprietary Directors and their respective Alternate Directors. The number of Proprietary and Alternate Directors will be increased if the minority shareholders exercise their right to designate a Director in accordance with article 26 hereof. Nominations of Directors for each Series of shares will take place in a Ordinary Shareholders' Meeting, convened in accordance with article 23 hereof. The Series "A" shareholders shall, by a majority vote, appoint 11 Proprietary Directors and their respective Alternate Directors; the Series "D" shareholders shall, by a majority vote, appoint 4 Proprietary Directors and their respective Alternate Directors; the Series "L" shareholders shall, by a majority vote, appoint up to 3 Proprietary Directors and their respective Alternate Directors; and the Series "B" Shareholders may appoint

Directors to the extent provided in article 26 hereof. At least 25% of the members of the board shall be independent.

(b) The Directors shall be elected for one year; however, in accordance with article 24 of the Securities Market Law, they shall continue in the exercise of their functions even if the term for which they have been designated has concluded or have resigned, up to a term of 30 calendar days; if no substitution has been made or the designated person has not taken office, without being subject to the provisions of article 154 of the General Law of Commercial Companies. The Ordinary Meeting of Shareholders at which the Directors of the Company are designated shall determine the compensation that the Directors and secretaries will receive for their service during the period so designated, and the members of the board shall have the rights and obligations set forth in these by-laws, and applicable provisions of the Securities Market Law and the General Law of Commercial Companies.

The Board of Directors shall be entitled to appoint interim members of the board, without need of a shareholders' meeting, in the event of absence of any board member, or in the event the designated members does not accept or take office and no alternate director was appointed or such alternate did not take office. The shareholders meeting shall ratify such appointments or shall designate a substitute director in the immediate following meeting after such event occurs.

ARTICLE 26: Any shareholder or group of shareholders holding duly paid Series "B" shares or any other duly paid limited voting shares of Capital Stock of the Company, which did not vote in favor of the Directors appointed by the holders of a majority of the shares of the respective Series pursuant to article 25(a) hereof, without affecting the number of Directors appointed pursuant to such article, shall have the right to designate and revoke one Proprietary Director and its respective

Alternate Director for each 10% of all issued, subscribed and paid shares of Capital Stock outstanding of the Company, pursuant to the Securities Market Law.

ARTICLE 27: The Chairman of the Board of Directors, any president of the audit or corporate practices committees, or at least 25% of the members of the Board shall be entitled to call a Board of Directors Meeting and to cause to be inserted items in the agenda that they deemed convenient. The calls for Board of Directors meetings shall be signed by the person that made such call, or by the Chairman or, in his absence, by the Vice-Chairman or by the Secretary, and shall be sent by fax or personal delivery, or by any other means permitted by law, at least 15 days before the date of the meeting. Any three Directors may request a meeting of the Board of Directors of the Company, in which case the Chairman, Vice-Chairman or Secretary shall duly issue a call for such meeting to be held within 30 days after receipt of such request, and shall include in the agenda therefor any matter requested by such Directors.

The external auditor may be called to all Board of Directors Meetings, as a guest with voice, but shall not be entitled to vote.

ARTICLE 28: (a) The Board of Directors shall meet at least once every 3 (three) months. Annually, at the first session after the meeting that designated them, the Board of Directors shall name, from the Directors designated by the Series "A" shareholders, and a Vice-Chairman. The Chairman, who shall act as chairman of the Board of Directors meetings and the Shareholders' Meetings, shall, during his absences, have his position temporarily filled by the Vice-Chairman, and during the Vice-Chairman ' s absence, by the other series A Directors in the order in which they have been designated.

(b) The Secretary and an Alternate Secretary of the Company, neither of whom need be a Director, shall be designated by majority of the issued, subscribed and paid capital Stock represented by Series "A" shares. Minutes shall be taken at all meetings and must be approved in writing by at least a majority of the Directors designated by the Series "A" shareholders and by at least two Directors designated by the Series "D" shareholders who attended the respective session, and be signed by the Chairman and Secretary.

ARTICLE 29: (a) The Board of Directors shall be considered legally convened if the majority of its members are in attendance at the time such action is taken, and as part of such majority, at least two Directors designated by the Series "D" shareholders are also in attendance (except during the pendency of a Simple Majority Period under article 31 hereof, which exception shall apply only with respect to the Simple Majority Matters as defined therein, and except also for those matters or actions listed in subsection (d) of this Article 29);

(b) The Board of Directors may, without meeting, adopt resolutions by a unanimous vote of its members, provided that such resolutions are confirmed in a writing signed by all members and recorded in the minute books of the Company.

(c) Resolutions of the Board of Directors shall be valid only if they have been approved by a majority of its members voting (and not abstaining) at a meeting, which majority must include at least two Series D Directors, except (i) during the pendency of a Simple Majority Period under article 31 hereof, which exception shall apply only with respect to the Simple Majority Matters, (ii) in the event that all Series D Directors in attendance thereat abstain or (iii) for those matters or actions listed in subsection (d) of this Article 29. Except for the matters or actions listed above, where the approval of the Series D Directors is not expresely required, the approval of at least two Series D Directors will be required

to approve all other matters or actions. Such other matters or actions shall include, but shall not be limited to (referred to herein as “Extraordinary Matters”):

1. Entering into or operating a line of business that is not an Existing Line of Business;

2. Acquisition or divestitures of franchises and territories or expansion of the Company into other territories;

3. Any acquisition, directly or indirectly, whether by purchase, merger, consolidation or acquisition of stock or assets or otherwise, of any assets, securities, properties, interests, or businesses or approve any investment (whether by purchase of stock or securities, contributions to capital, loans to, or property transfers), unless such acquisition or investment: (i) is already included in the capital budget of the Annual Normal Operations Plan; or (ii) if it is not already included in the capital budget of the Annual Normal Operations Plan is related to the normal operation or required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate with value not in excess of US $100 million;

4. Entering into any transaction to sell, lease, license, transfer, abandon, permit to lapse or otherwise dispose of any real property or other properties or assets, real, personal or mixed, unless such transaction: (i) is already included in the Annual Normal Operations Plan; or (ii) if it is not already included in the Annual Normal Operations Plan is related to the normal operation or required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate with value not in excess of US $100 million;

5. Entering into any joint venture, partnership, strategic alliance or any other business combination with third parties, regardless of structure, that is not in the ordinary course of business consistent with past practice;

6. Litigation and arbitration matters (including settlements) that are not in the ordinary course of business consistent with past practice;

7. Any guarantee of a third party obligations that is not related to the normal operation or not required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate;

8. Adoption of any plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company;

9. Change in external auditors;

10. The proposal to declare and pay dividends exceeding 20% of the preceding years consolidated net profits;

11. Approval of annual audited financial statements with a qualified auditor's opinion;

12. Listing and delisting of securities on any exchanges;

13. Issuance of shares, or new series of shares, redemption of shares or changes in capital structure, including without limitation any formation or dissolution of subsidiaries;

14. Approval of the Annual Extraordinary Plan and any modification related thereto;

15. Approval of decisions or actions that are consistent with the implementation of the Annual Extraordinary Plan;

16. Any delegation of authority or actions to vote shares of subsidiaries of the Company with respect to matters not indicated in Article 29 (d), subsections (1) through (7) of these Bylaws;

17. Changes, modifications or amendments to the Chart of Authority with regard to matters not indicated in Article 29 (d), subsections (1) through (7) of these Bylaws;

18. Any other matters considered at ordinary, special or extraordinary shareholder meetings (other than those matters set forth in Article 23 (f) of these Bylaws); and

19. Disposition of shares of Subsidiaries or main line of existing business.

(d) Notwithstanding the foregoing, the Board of Directors shall also be legally convened functioning if the majority of its members are in attendance and its resolutions shall be valid if they have been approved by the majority of the members of the Board of Directors voting (and not abstaining), with regard to the following matters:

(1) Appointment or removal of the Chief Executive Officer of the Company and the senior management reporting to the Chief Executive Officer and approval of their compensation;

(2) Approval of the Annual Normal Operations Plan (and any modification related thereto), as part of the Annual Business Plan, including the approval of any capital investments, capital expenditures, leases or indebtedness or other financial obligations (or guaranties) or any other actions necessary to implement the Annual Normal Operations Plan;

(3) Approval of any decisions or actions required in order to assure the normal operation and to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate and that are consistent with the implementation of the Annual Normal Operations Plan;

(4) Approval of the internal policies applicable to the Company as long as they are related to the normal operation or are required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate and that are consistent with the implementation of the Annual Normal Operations Plan;

(5) Approval of annual audited financial statements with an unqualified auditor's opinion;

(6) Any delegation of authority or actions to vote shares of subsidiaries of the Company, in either case with regard to any of the matters described in clauses (1) through (5) above;

(7) Granting of any power of attorney to take action with regard to any of the matters set forth in clauses (1) through (6) above.

For purposes of Articles 29 and 30, the following terms shall have the meanings set forth below:

The “Annual Business Plan will be formed by: (a) the “Annual Normal Operations Plan” and (b) the “Annual Extraordinary Plan”.

“Annual Normal Operations Plan” shall mean the annual plan required to assure the normal operation and the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate (including the necessary capital investments, capital expenditures, leases or indebtedness or other financial obligations (or guaranties) but shall not include any plan or decision relating to the Extraordinary Matters).

“Annual Extraordinary Plan” shall mean the annual plan that should include any other plan or decision not contemplated in the “Annual Normal Operations Plan,” including without limitation the Extraordinary Matters.

”Existing Line of Business” shall mean the manufacture, preparation, packaging, refrigeration, distribution, purchase, selling, dealing or any other activity concerned with any non alcoholic beverage products under the trademarks owned, authorized or licensed by The Coca-Cola Company or its subsidiaries. For clarification purposes and without limiting the foregoing, none of the following activities will be considered an Existing Line of Business: the manufacture, preparation, packaging, refrigeration, distribution, purchase, dealing or selling of alcoholic or nonalcoholic beverages (including without limitation beer and soft drinks) not authorized by The Coca-Cola Company or its subsidiaries. For purposes of this definition, neither the Company nor any of its Subsidiaries shall be considered a “subsidiary” of The Coca-Cola Company.”

ARTICLE 30: The Board of Directors shall have the following powers and duties:

(a) To manage the Company's business and property, with the broadest powers of administration, pursuant to article 2554, second paragraph, of the Federal Civil Code and the related provisions contained on the Civil Codes of the Federal District and diverse federal entities of the Mexican United States.

(b) To exercise acts of ownership with regard to the Company's personal and real property as well as its real and personal rights as set forth in the third paragraph of article 2554 of the Federal Civil Code, and the related provisions contained on the Civil Codes of the Federal District and diverse federal entities of the Mexican United States, and to grant guarantees of any type with regard to the obligations contracted or to the securities issued or accepted by third parties.

(c) To act as agent of the Company with the broadest powers (including those that under Mexican law require a special Clause) before all administrative or judicial authorities of any Municipality or state or the Federation, as well as before labor or any other authorities, or before arbitrators or referees; to take depositions and testify, including withdrawing from civil rights ("amparo") proceedings, under the terms of the first paragraph of article 2554 of the Federal Civil Code, and the related provisions contained in the Civil Codes of the Federal District and diverse federal entities of the Mexican United States; as well as to act as agent of the Company before all types of criminal, Federal and State authorities; to file and withdraw criminal complaints; to cause the Company to assist Mexico's Attorney General in those proceedings and to grant pardons.

(d) To draw, make, endorse and guarantee ("avalar") negotiable instruments on behalf of the Company, to issue securities secured with real property or

unsecured, to cause the Company to be jointly and severally liable, to give guarantees ("avales"), bonds, or any other guarantee of payment with respect to any obligations contracted or securities issued or accepted by third parties, to donate or contribute the Company's personal and real property to other companies, to subscribe shares of Capital Stock as well as acquire interests in other companies, and in general to conclude acts, enter into contracts and carry out other transactions which may be necessary, conducive, complementary or connected to the Company's main business purpose.

(e) To appoint the Officers and Managers deemed necessary, and to appoint Committees deemed necessary, and to determine their authority.

(f) To approve the internal policies applicable to the Company.

(g) To grant and revoke powers of attorney as it deems necessary, with or without the power of delegation, within the authority granted to the Board of Directors by these By-Laws.

(h) To implement the resolutions taken at General Shareholders' Meetings and, in general, to carry out all the acts and transactions necessary or convenient for the business purposes of the Company, except for those acts expressly reserved by law or these By-Laws to the Shareholders' Meetings.

(i) To approve the Five-Year Business Plan and the Annual Business Plan of the Company and its subsidiaries.

(j) To approve any significant deviations from such Five-Year Business Plan or Annual Business Plan of the Company and its subsidiaries.

(k) To approve the introduction of any new line of business or the termination of any existing line of business. The shareholders or the Board of Directors of the Company shall (by valid action at a General Shareholders' Meeting or by action of the Board of Directors, in either case in accordance with these By-Laws) be entitled to reserve exclusively unto the Board of Directors, except for those determinations expressly reserved by law or these By-Laws to the Shareholders' Meetings, all or any portion of its powers provided for herein or by applicable law, on such terms and subject to such conditions as the shareholders or the Board of Directors, acting as aforesaid, may specify from time to time.

(l) To approve the operations that are not in the ordinary course of business of the Company, that are being considered to enter into the Company and its shareholders, with persons that are part of the management of the Company or with persons that such individuals have patrimonial nexus, or otherwise have kinship (either by blood or by law) up to the second degree, the spouse or concubinary; the purchase or sale of 10% or more of the assets of the Company; the issuance of a warranty for an amount exceeding 30% of the assets, or any other transaction that is different from the listed above that represents more than 1% of the assets of the Company.

In addition, it shall request the opinion of the corresponding Committee and, if applicable, to approve the transactions described in the paragraph above that the Subsidiaries (as such term is defined in the last paragraph of article 1 of the general provisions applicable to the issuers of securities, issued by the Mexican Securities Commission as published in the Official Gazette of the Federation (*Diario Oficial de la Federación*) as of March 19, 2003 and its amendments) intend to enter with related parties or transactions that imply to compromise the Subsidiaries´ net worth

The authority referred to in section l herein shall not be subject of delegation. The members of the board of directors shall be responsible for the resolutions adopted further to provisions of section m, except for the provisions of article 159 of the General Law of Commercial Companies.

(m) Any other power or duty set forth by these by-laws and the Securities Market Law.

ARTICLE 31: In the event that The Coca-Cola Company or any affiliate thereof takes any action under a bottler's agreement (or any agreement supplemental or related thereto) executed with the Company or any of its subsidiaries that a majority of the Directors of the Company designated by the Series "A" shares reasonably and in good faith believe to be materially adverse to the business interests of the Company considered as a whole (a "Simple Majority Determination"), such majority may deliver written notice of such Simple Majority Determination (detailing the specific basis therefor) to The Cola-Cola Company or such affiliate and the designated representative of the Series D Directors. At any time during the 90-day period commencing on the 61st day following delivery of such notice, a majority of the Directors designated by the Series "A" shares may, if such action shall not have been cured to their reasonable satisfaction, deliver another written notice to the same persons declaring a “Simple Majority Period" to be in existence. During the pendency (and only during the pendency) of any such Simple Majority Period, only matters (as so limited, the "Simple Majority Matters") described in paragraphs (j), (k) and (l) of article 30 hereof, and matters described in paragraph (h) thereof only to the extent required to implement such matters described in such paragraphs (j), (k) and (l) at the level of any controlled company, shall be treated as matters to be approved by a simple majority vote of the entire Board of Directors of the Company, without requiring the presence or approval of any Director designated by the Series "D" shares. A majority of the Directors of the

Company designated by the Series "A" shares may terminate a Simple Majority Period at any time by giving written notice thereof to The Coca-Cola Company or such affiliate and the designated representative of the Series D Directors. For a period of one year following any such termination, the Directors designated by the Series "A" shares will have no right to declare another Simple Majority Period to be in existence. No cure after the declaration of a Simple Majority Period of the action that gave rise thereto shall terminate such Simple Majority Period. No failure to declare a Simple Majority Period during such 90-day period shall prevent a majority of the Directors of the Company designated by the Series "A" shares from subsequently exercising the rights conferred by this section 31 by making another Simple Majority Determination with respect to such action.

ARTICLE 32: The holders of ordinary shares, voting at an Ordinary Shareholders' Meeting as set forth in article 23, may set up intermediate levels of administration which differ from the ones set forth in the General Law of Commercial Companies or the Securities Market Law. The creation, structure and operation of such intermediate levels of administration shall be subject to the general rules issued by the National Banking and Securities Commission.

ARTICLE 33: The surveillance of the Company and its controlled entities shall be entrusted to the board of directors.

The board of directors, to comply with its surveillance duties, shall be assisted by the corporate practices and audit committees, and by the company hired to perform the external auditing services for the Company, each of them in accordance with their respective competence, as set forth in the Securities Market Law.

The corporate practices and audit committees shall perform the duties set forth in the Securities Market Law, and shall be integrated exclusively by independent directors, and each such committees shall be form by at least 3 board members designated by the shareholders meeting or by the Board of Directors, as proposed by the chairman of the board.

The chairman of the corporate practices and audit committees shall be designated and removed exclusively by the shareholders' meeting. Such chairman shall not preside the Board of Directors, and shall be selected taking into consideration their experience, recognized capacity and professional prestige.

ARTICLE 33BIS: Day to day operations and execution of the business of the Company and its controlled entities shall be the responsibility of the chief executive officer, and such the chief executive officer shall follow the strategies, policies and guidelines approved by the Board of Directors, and shall have the authority, obligations and duties set forth in the Securities Market Law.

CHAPTER V
FISCAL YEAR FINANCIAL STATEMENTS, AND DISTRIBUTION OF PROFITS AND LOSSES

ARTICLE 34: The fiscal year of the Company shall be 12 (twelve) months, beginning on January 1 and ending on December 31 of the same year.

ARTICLE 35: Annual profits, after payment of Income Tax ("*Impuesto Sobre la Renta*"), workers' profit sharing and any other items that must be deducted or separated in accordance with Mexican law, shall be applied as follows:

(a) A minimum of 5% shall be set aside to constitute the legal reserve fund until it reaches at least 20% (twenty percent) of the Company’s capital Stock;

(b) The remainder may be distributed as dividends among the shareholders proportionally to the number of shares held by them or, if resolved by the Shareholders' Meeting, it shall be totally or partially allocated in provision funds, reinvestment reserve funds, special funds or any other funds the meeting may determine.

ARTICLE 36: The founders do not reserve any special participation in the Company's profits.

ARTICLE 37: Losses, if any, shall be divided among shareholders pro rata according to the number of shares held but shall not exceed the shares' face value.

CHAPTER VI:

DISSOLUTION AND LIQUIDATION

ARTICLE 38: The Company shall be dissolved in the cases referred to in points II, III, IV and V of article 229 of the General Law of Commercial Companies or, if the Extraordinary Shareholders' Meeting so determines, in accordance with the terms of article 23 of these By-Laws.

ARTICLE 39: Once the Company is dissolved, the Extraordinary Shareholders' Meeting, by a majority vote, shall designate one or more Liquidators, fixing a term for the carrying out of his duties and the compensation that shall be paid to him.

ARTICLE 40: The Liquidators shall carry out the liquidation of the Company pursuant to the resolutions of the Extraordinary Shareholders' Meeting, and in the absence thereof, in accordance with the following:

(a) The Liquidator shall conclude the Company's business in the manner he deems most appropriate, collecting receivables, paying debts and selling the Company's property required therefor.

(b) The Liquidators shall prepare the Liquidation Financial Statements and shall submit them for the approval of a duly called Extraordinary Shareholders' Meeting.

(c) The Liquidators shall distribute among the shareholders the remaining assets as per the Financial Statements approved by the Extraordinary Shareholders' Meeting, in accordance with law and these By-Laws and against the delivery and cancellation of the corresponding share certificates.

ARTICLE 41: During the liquidation period, the Extraordinary, Ordinary or Special Shareholders' Meeting shall meet in accordance with the terms set forth in these By-Laws in the chapter relating to Shareholders' Meetings, and the Liquidators shall perform the same functions the Board of Directors had during the normal course of the Company’s business.

ARTICLE 42: Any provisions not included in these by-laws, shall be subject to the provisions of the Securities Market Law and the General Law of Commercial Companies. The defined terms used in these by-laws and defined by the Securities Market Law, shall have the meanings set forth in such law.

Exhibit 2.2

Coca-Cola FEMSA, S.A.B. de C.V.,

as Issuer

and

The Bank of New York Mellon,

as Trustee, Security Registrar, Paying Agent and Transfer Agent

_____

INDENTURE

Dated as of February 5, 2010

_____

Debt Securities

Certain Sections of this Indenture relating to Sections 310 through 318, inclusive, of the Trust Indenture Act of 1939:

Trust Indenture Act Section	*Indenture Section*
§ 310(a)(1)	609
(a)(2)	609
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(b)	608
	610
§ 311(a)	613
(b)	613
§ 312(a)	701
	702
(b)	702
(c)	702
§ 313(a)	703
(b)	703
(c)	703
(d)	703
§ 314(a)	704
(a)(4)	101
	1004
(b)	Not Applicable
(c)(1)	102
(c)(2)	102
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	102
§ 315(a)	601
(b)	602
(c)	601
(d)	601
(e)	513
§ 316(a)	101
(a)(1)(A)	502
	512
(a)(1)(B)	513
(a)(2)	Not Applicable
(b)	508
(c)	104
§ 317(a)(1)	503
(a)(2)	504
(b)	1003
§ 318(a)	107

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE, dated as of February 5, 2010, between Coca-Cola FEMSA, S.A.B. de C.V., a *sociedad anónima bursátil de capital variable* organized and existing under the laws of the United Mexican States ("Mexico") (herein called the "Company"), having its principal office at Guillermo González Camarena No. 600, Col. Centro de Ciudad Santa Fé, Delegación Álvaro Obregón, 01210 México, D.F., México, and The Bank of New York Mellon, a corporation duly organized and existing under the laws of the State of New York authorized to conduct a banking business, as Trustee (herein called the "Trustee"), Security Registrar, Paying Agent and Transfer Agent.

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its debt securities (herein called collectively the "Securities"), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase and acceptance of the Securities by the Holders (as defined below) thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. *Definitions.*

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with Mexican FRS, and, except as otherwise herein expressly provided, the term Mexican FRS with respect to any computation required or permitted hereunder shall mean Mexican FRS in effect at the date of such computation;

(4) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or Section, as the case may be, of this Indenture;

(5) unless the context otherwise requires, any reference to a statute, rule or regulation refers to the same (including any successor statute, rule or regulation thereto) as it may be amended from time to time; and

(6) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"Act," when used with respect to any Holder, has the meaning specified in Section 104.

"Additional Amounts" has the meaning specified in Section 1008.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Security Registrar, Paying Agent, Authenticating Agent, Transfer Agent or other agent appointed hereunder.

"Agent Members" has the meaning specified in Section 304(5).

"Applicable Procedures of the Depositary" means, with respect to any matter at any time, the policies and procedures of the Depositary, if any, that are applicable to such matter at such time.

"Attributable Debt" means, with respect to any Sale/Leaseback Transaction, the lesser of (x) the fair market value of the asset subject to such transaction and (y) the present value (discounted at a rate per annum equal to the discount rate of a capital lease obligation with a like term in accordance with Mexican FRS) of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments and similar charges and contingent rents) during the term of the lease.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 614 to act on behalf of the Trustee to authenticate Securities of one or more series.

"beneficial owner" has the meaning determined in accordance with Rule 13d-3, as in effect on the date of this Indenture, promulgated by the Commission pursuant to the Exchange Act and the term "beneficially owned" has a meaning correlative to the definition of beneficial owner.

"Board of Directors" means either the board of directors of the Company or any committee of that board duly authorized to act for it in respect hereof.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York or Mexico City are authorized or obligated by law, regulation or executive order to close. In the case of any Securities issued in certificated form, the term "Business Day" also means a day on which banking institutions generally are open for business in the location of each office of a Paying Agent, but only with respect to a payment to be made at the office of such Paying Agent.

"Clearstream, Luxembourg" has the meaning specified in Section 304(5).

"Commission" means the United States Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under applicable law, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by the Chief Executive Officer, the Chief Financial Officer, the Treasurer, the General Counsel or the Controller of the Company, or any Person specified in a Board Resolution authorizing such Person to take specified actions pursuant to the terms hereof, and delivered to the Trustee.

"Consolidated Tangible Assets" means total assets (stated net of properly deductible items, to the extent not already deducted in the computation of total assets) after deducting therefrom all goodwill and intangible assets, each as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with Mexican FRS.

"Corporate Trust Office" means the office of the Trustee in the Borough of Manhattan, The City of New York, New York at which at any particular time its corporate trust business shall be principally administered which office as of the date hereof is located at 101 Barclay Street, Floor 4-E, New York, New York 10286.

"corporation" means a corporation, association, company, joint-stock company or business trust.

"Defaulted Interest" has the meaning specified in Section 306.

"Depositary" means The Depository Trust Company until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean such successor Depositary.

"Dollar" and "U.S.$" mean a United States dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts.

"Euroclear" has the meaning specified in Section 304(5).

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the United States Securities Exchange Act of 1934 (including any successor act thereto), as it may be amended from time to time, and (unless the context otherwise requires) includes the rules and regulations of the Commission promulgated thereunder.

"Expiration Date" has the meaning specified in Section 104(g).

"Global Security" means a Security that evidences all or part of the Securities of any series and is authenticated and delivered to, and registered in the name of, the Depositary for such Securities or a nominee thereof.

"Government Securities" means (i) direct obligations of the United States of America, (ii) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America and (iii) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (i) or (ii) above or in any specific principal or interest payments due in respect thereof.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Holder" means, with respect to any Security, a Person in whose name such Security is registered in the Security Register.

"Indebtedness" means, with respect to any Person, any obligation, or (without double-counting) the guarantee of any obligation, for the payment or repayment of money borrowed or otherwise evidenced by debentures, notes, bonds or similar instruments, or any other obligation that would appear or be treated as indebtedness on a balance sheet if such Person prepared its balance sheet in accordance with Mexican FRS.

"Indenture" means this indenture as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "Indenture" shall also include the terms of particular series of Securities established as contemplated by Section 301.

"Interest Payment Date" means, when used with respect to any Security, the Stated Maturity of an installment of interest on such Security.

"Judgment Currency" has the meaning specified in Section 1009.

"Lien" means any mortgage, charge, pledge, lien, hypothecation, security interest or other encumbrance, including, without limitation, any equivalent of the foregoing created under the laws of Mexico or any other jurisdiction.

"Maturity" means, when used with respect to any Security, the date on which the principal of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Mexican FRS" means Financial Reporting Standards in Mexico that are in effect from time to time; *provided* that, if at any time after the date hereof, the Company prepares its financial statements in accordance with International Financial Reporting Standards in lieu of Financial Reporting Standards in Mexico, the Company may, by giving written notice thereof to the Trustee, elect to apply International Financial Reporting Standards in lieu of Financial Reporting Standards in Mexico under this Indenture and, upon any such election, references herein to "Mexican FRS" shall mean International Financial Reporting Standards in effect from time to time.

"Notice of Default" means a written notice of the kind specified in Section 501(3).

"Officer's Certificate" means a certificate signed by the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Controller or the Treasurer of the Company, or any Person specified in a Board Resolution authorizing such Person to take specified actions pursuant to the terms hereof, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be the in-house counsel for the Company, and who shall be reasonably acceptable to the Trustee.

"Outstanding" means, when used with respect to Securities, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, *except*:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by

(iii) Securities which have been paid pursuant to Section 305 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a protected purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of or premium, if any, or interest on any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment" means, when used with respect to the Securities of any series and subject to Section 1002, the place or places where the principal of and premium, if any, and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" means, with respect to any particular Security, every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 305 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Redemption Date" means, when used with respect to any Security to be redeemed, the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price" means, when used with respect to any Security to be redeemed, the price at which it is to be redeemed pursuant to this Indenture as set forth in such Security.

"Regular Record Date" means, for the interest payable on any Interest Payment Date on the Securities of any series, the date specified for that purpose as contemplated by Section 301.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the Corporate Trust Office of the Trustee, including any vice president, any assistant secretary, any assistant treasurer, any trust officer, any assistant trust officer or any other officer of the Trustee, in each case, with direct responsibility for the administration of this Indenture, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of her or his knowledge of and familiarity with the particular subject.

"Sale/Leaseback Transaction" means a transaction or arrangement between the Company or a Subsidiary of the Company and a bank, insurance company or other lender or investor that provides for the leasing by the Company or any Subsidiary, for an initial term of three years or more, of any property, whether now owned or hereafter acquired, that is to be sold or transferred by the Company or any Subsidiary to that lender or investor for a sale price of U.S.$5,000,000 (or the equivalent thereof in other currencies) or more.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Securities Act" means the United States Securities Act of 1933 (including any successor act thereto), as it may be amended from time to time, and (unless the context otherwise requires) includes the rules and regulations of the Commission promulgated thereunder.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 304.

"Significant Subsidiary" means any Subsidiary of the Company that constitutes a "significant subsidiary" as defined under Regulation S-X as promulgated by the Commission, as it may be amended from time to time.

"Special Record Date" means, for the payment of any Defaulted Interest, a date fixed by the Trustee pursuant to Section 306.

"Stated Maturity" means, when used with respect to any Security or any installment of interest thereon, the date specified in such Security as the fixed date on which the principal of such Security or such installment of interest is due and payable.

"Subsidiary" means (i) a corporation more than 50% of the combined voting power of the outstanding Voting Stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries of the Company or by the Company and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which the Company, or one or more other Subsidiaries of the Company or the Company and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Succession Date" has the meaning specified in Section 1101(c).

"Taxing Jurisdiction" has the meaning specified in Section 1008.

"transfer" means, with respect to any Security, any sale, pledge, transfer, hypothecation or other disposition of such Security or any interest therein.

"Transfer Agent" has the meaning specified in Section 304.

"Trust Indenture Act" means the United States Trust Indenture Act of 1939 (including any successor act thereto), as it may be amended from time to time, and (unless the context otherwise requires) includes the rules and regulations of the Commission thereunder.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"United States" means the United States of America (including the States thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"Voting Stock" means, with respect to any Person, capital stock of or other ownership interest in such Person which ordinarily has voting power for the election of directors of (or Persons performing similar functions for) such Person, whether at all times or only as long as no senior class of securities or other ownership interests has such voting power by reason of any contingency. For the purpose of calculating the percentage of (x) the combined voting power of the Voting Stock of any Person that is represented by (y) any capital stock of or other ownership interests in such Person, all capital stock of and other ownership interests in such Person that are beneficially owned by such Person will be excluded in determining the combined voting power described in clause (x) but will not be excluded from (if otherwise included in) the capital stock or other ownership interests described in clause (y).

SECTION 102. *Compliance Certificates and Opinions.*

Except as specifically provided otherwise in any indenture supplemental hereto, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be reasonably required hereunder. Each such certificate or opinion shall be given in the form of an Officer's Certificate, if to be given by an officer of the Company, or an Opinion of Counsel if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

Except with respect to certificates provided for in Section 1004 and the cancellation of Securities pursuant to Section 308, every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include,

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. *Form of Documents Delivered to Trustee.*

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. *Acts of Holders; Record Dates.*

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section 104.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) The Company may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series; *provided* that the Company may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be canceled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

(f) The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 502, (iii) any request to institute proceedings referred to in Section 507(2) or (iv) any direction referred to in Section 512, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action (whereupon the record date previously set shall automatically and without any action by any Person be canceled and of no effect), nor shall anything in this paragraph be construed to render ineffective any action taken by Holders of the requisite principal

amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Company in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

(g) With respect to any record date set pursuant to this Section 104, the party hereto that sets such record date may designate any day as the "Expiration Date" and from time to time may change the Expiration Date to any earlier or later day; *provided* that no such change shall be effective unless notice of the proposed new Expiration Date is given to the other parties hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 106, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section 104, the party hereto that set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

SECTION 105. *Notices, Etc., to Trustee and Company.*

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture shall be deemed to have been made or given, as applicable, only if such notice is in writing and delivered personally, by registered or certified first-class mail, postage prepaid, overnight courier or by confirmed telecopy or facsimile transmission to the appropriate party as follows:

(1) if to the Trustee by any Holder or by the Company at its Corporate Trust Office; or

(2) if to the Company by the Trustee or by any Holder at the address of its principal office specified in the first paragraph of this instrument, Attention: Chief Financial Officer.

Any Person may change its address by giving notice of such change in the manner set forth in this Section 105.

In respect of this Indenture, the Trustee shall not have any duty or obligation to verify or confirm that the Person sending instructions, directions, reports, notices or other communications or information by electronic transmission is, in fact, a Person authorized to give such instructions, directions, reports, notices or other communications or information on behalf of the party purporting to send such electronic transmission; and, except where due to bad faith, the Trustee shall not have any liability for any losses, liabilities, costs or expenses incurred or sustained by any party as a result of such reliance upon or compliance with such instructions, directions, reports, notices or other communications or information. Each other party agrees to assume all

risks arising out of the use of electronic methods to submit instructions, directions, reports, notices or other communications or information to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, notices, reports or other communications or information, and the risk of interception and misuse by third parties.

SECTION 106. *Notice to Holders; Waiver.*

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, if any, and not earlier than the earliest date, if any, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 107. *Conflict with Trust Indenture Act.*

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 108. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. *Successors and Assigns.*

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. *Separability Clause.*

In case any one or more of the provisions contained in this Indenture shall be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions contained in this Indenture, and to the extent and only to the extent

that any such provision is invalid, illegal or unenforceable, this Indenture shall be construed as if such provision had never been contained herein.

SECTION 111. *Counterparts.*

This Indenture may be simultaneously executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

SECTION 112. *Benefits of Indenture.*

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 113. *Governing Law.*

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA.

SECTION 114. *Legal Holidays.*

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date or at the Stated Maturity, as the case may be; *provided* that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

SECTION 115. *Consent to Service; Jurisdiction.*

The Company and the Trustee agree that any legal suit, action or proceeding arising out of or relating to this Indenture, and the Company agrees that any legal suit, action or proceeding arising out of or relating to the Securities, may be instituted in any United States federal or New York state court in the Borough of Manhattan, The City of New York, New York and in the courts of its own corporate domicile, in respect of actions brought against each such party as a defendant, and each waives any objection which it may now or hereafter have to the laying of the venue of any such legal suit, action or proceeding, waives any immunity from jurisdiction or to service of process in respect of any such suit, action or proceeding, waives any right to which it may be entitled on account of place of residence or domicile and irrevocably submits to the jurisdiction of any such court in any such suit, action or proceeding. The Company hereby designates and appoints CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, New York 10011, as its authorized agent upon which process may be served in any legal suit, action or proceeding arising out of or relating to this Indenture or the Securities which may be instituted in any United States federal or New York state court in the Borough of Manhattan, The City of New York, New York, and agrees that service of process upon such agent shall be deemed in every respect effective service of process upon the Company in any such suit, action or

proceeding and further designates its domicile, the domicile of CT Corporation System specified above and any domicile CT Corporation System may have in the future as its domicile to receive any notice hereunder (including service of process). If for any reason CT Corporation System (or any successor agent for this purpose) shall cease to act as agent for service of process as provided above, the Company shall promptly appoint a successor agent for this purpose reasonably acceptable to the Trustee. The Company agrees to take any and all actions as may be necessary to maintain such designation and appointment of such agent in full force and effect.

SECTION 116. *Language of Notices, Etc.*

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

SECTION 117. *Waiver of Jury Trial*

EACH OF THE PARTIES HERETO (EXCEPT, FOR THE AVOIDANCE OF DOUBT, THE HOLDERS OF THE SECURITIES) HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

ARTICLE TWO

SECURITY FORMS

SECTION 201. *Forms Generally.*

The Securities and the Trustee's certificates of authentication shall be in substantially the forms set forth in this Article or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary thereof or as may, consistently herewith, be determined by the officers of the Company executing such Securities, as evidenced by their execution of the Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers of the Company executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. *Form of Face of Security.*

The following legend shall appear on the face of each Global Security:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY, WHICH MAY BE TREATED BY COCA-COLA FEMSA, S.A.B. DE C.V., THE TRUSTEE AND ANY AGENT THEREOF AS OWNER AND HOLDER OF THIS SECURITY FOR ALL PURPOSES.

The following legend shall appear on the face of each Global Security for which The Depository Trust Company is to be the Depositary:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO COCA-COLA FEMSA, S.A.B. DE C.V. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR REGISTERED SECURITIES IN DEFINITIVE REGISTERED FORM IN THE LIMITED CIRCUMSTANCES REFERRED TO IN THE INDENTURE, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

Coca-Cola FEMSA, S.A.B. de C.V.

.....

No. .....
CUSIP No. .....
ISIN .....
Common Code ..... U.S.$ .....

Coca-Cola FEMSA, S.A.B. de C.V., a *sociedad anónima bursátil de capital variable* organized and existing under the laws of Mexico (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to ....., or registered assigns, the principal sum of ..... Dollars as revised by the Schedule of Increases and Decreases in Global

Note attached hereto on ..... (unless earlier redeemed, in which case, on the applicable Redemption Date) **[***if the Security is to bear interest prior to Maturity, insert —* , and to pay interest thereon from ..... or from the most recent Interest Payment Date to which interest has been paid or duly provided for semi-annually on ..... and ..... of each year, commencing on ....., and at the Maturity thereof, at the rate of ....% per annum, until the principal hereof is paid or made available for payment **[***if applicable, insert — ; provided* that any principal, premium and any such installment of interest, which is overdue shall bear interest at the rate of ...% per annum (to the extent that the payment of such interest shall be legally enforceable), from the date such amount is due to the day it is paid or made available for payment, and such overdue interest shall be paid as provided in Section 306 of the Indenture**]**.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the ..... and ..... (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Holder on the relevant Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Security may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture**]**.

Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months.

[*If the Security is not to bear interest prior to Maturity, insert —* The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and overdue premium, if any, shall bear interest at the rate of ....% per annum (to the extent that the payment of such interest shall be legally enforceable), from the date such amount is due to the day it is paid or made available for payment. Interest on any overdue principal or premium, if any, shall be payable on demand.**]**

Payment of the principal of and premium, if any, and interest on this Security will be made pursuant to the Applicable Procedures of the Depositary as permitted in the Indenture; *provided, however*, that if this Security is not a Global Security, payment may be made at the office or agency of the Company maintained for that purpose in New York, New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, against surrender of this Security in the case of any payment due at the Maturity of the principal thereof; and *provided, further,* that at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:_____

COCA-COLA FEMSA, S.A.B. DE C.V.

By: _____
Name:
Title:

SECTION 203. *Form of Reverse of Security.*

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of February 5, 2010 (herein called the "Indenture," which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York Mellon, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof **[***if applicable, insert* — , limited in aggregate principal amount to U.S.$.....**]**.

[*If applicable, insert* — Additional Securities on terms and conditions identical to those of the Securities of this series (except for issue date, issue price and the date from which interest shall accrue and, if applicable, first be paid) may be issued by the Company without the consent of the Holders of the Securities of this series. The amount evidenced by such additional Securities shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the Securities of this series, in which case the Schedule of Increases and Decreases in Global Note attached hereto will be correspondingly adjusted.]

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Note shall not be a Business Day, then (notwithstanding any other provision of the Indenture or of the Securities) payment of principal, premium, if any, or interest need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date or at the Stated Maturity, as the case may be; provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

[*If applicable, insert* — The Securities of this series are subject to redemption upon not less than ..... days' nor more than ..... days' written notice, at any time **[***if applicable, insert* — on or after ....., 20..**]**, as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed **[***if applicable, insert* — on or before ....., ...%, and if redeemed**]** during the 12-month period beginning ..... of the years indicated,

Year	Redemption Price	Year	Redemption Price

and thereafter at a Redemption Price equal to .....% of the principal amount, together in the case of any such redemption with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.**]**

[*If the Security is subject to redemption of any kind, insert* — In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.**]**

[*If the Security is not an Original Issue Discount Security, insert* — If an Event of Default with respect to all of the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.**]**

[*If the Security is an Original Issue Discount Security, insert* — If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to — *insert formula for determining the amount*. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and premium, if any, and interest on the Securities of this series shall terminate.**]**

The Company shall pay to Holders of the Securities all additional amounts ("Additional Amounts") that may be necessary so that every net payment of interest or principal to the Holders of the Securities will not be less than the amount provided for in the Securities. For purposes of the preceding sentence, "net payment" means the amount that the Company or any Paying Agent will pay the Holder after the Company deducts or withholds an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment (or the payment of such Additional Amounts) by the taxing authority of Mexico

or any other country under whose laws the Company is organized at the time of payment, except for the United States (each, a "Taxing Jurisdiction"). Notwithstanding the foregoing, the Company shall not be obligated to pay Additional Amounts to any Holder of a Security for or on account of any of the following:

(i) any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the Holder and the Taxing Jurisdiction (other than the mere receipt of a payment, the ownership or holding of such Security or the enforcement of rights with respect to such Security);

(ii) any estate, inheritance, gift, sales, transfer, personal property or other similar tax, assessment or other governmental charge imposed with respect to such Security;

(iii) any taxes, duties, assessments or other governmental charges imposed solely because the Holder or any other Person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Taxing Jurisdiction of the Holder or any beneficial owner of such Security if compliance is required by law, regulation or by an applicable income tax treaty to which such Taxing Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and the Company has given the Holders at least 30 days' written notice prior to the first payment date with respect to which such certification, identification or reporting requirement is required to the effect that Holders will be required to provide such information and identification;

(iv) any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on such Security;

(v) any taxes, duties, assessments or other governmental charges with respect to such Security presented for payment more than 15 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to Holders, whichever occurs later, except to the extent that the Holder of such Security would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 15-day period;

(vi) any payment on such Security to a Holder that is a fiduciary or partnership or a Person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of such Security; and

(vii) any tax, duty, assessment or governmental charge imposed on payment to an individual and required to be made pursuant to any law

implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings.

Notwithstanding the foregoing, the limitations on the Company's obligation to pay Additional Amounts set forth in clause (iii) above will not apply if the provision of information, documentation or other evidence described in such clause (iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Security than comparable information or other reporting requirements imposed under United States tax law, regulations (including proposed regulations) and administrative practice. In addition, the limitations on the Company's obligations to pay Additional Amounts set forth in clause (iii) above also will not apply with respect to any Mexican withholding taxes unless (a) the provision of the information, documentation or other evidence described in such clause (iii) is expressly required by the applicable Mexican regulations, (b) the Company cannot obtain the information, documentation or other evidence necessary to comply with the applicable Mexican regulations on its own through reasonable diligence and (c) the Company otherwise would meet the requirements for application of the applicable Mexican regulations. In addition, clause (iii) above shall not be construed to require that any Person that is not a resident of Mexico for tax purposes, including any non-Mexican pension fund, retirement fund or financial institution, register with the Ministry of Finance and Public Credit to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

The Company shall remit the full amount of any taxes withheld to the applicable taxing authorities in accordance with applicable law of the Taxing Jurisdiction. The Company shall also provide the Trustee with documentation (which may consist of copies of such documentation) reasonably satisfactory to the Trustee evidencing the payment of taxes in respect of which the Company has paid any Additional Amount. The Company shall provide copies of such documentation to the Holders of the Securities or the relevant Paying Agent upon request.

The Company shall pay all stamp, issue, registration, documentary or other similar duties, if any, which may be imposed by Mexico or any governmental entity or political subdivision therein or thereof, or any taxing authority of or in any of the foregoing, with respect to the Indenture or the issuance of the Securities.

All references herein and in the Indenture to principal, premium, if any, or interest or any other amount payable in respect of any Security shall be deemed to mean and include all Additional Amounts, if any, payable in respect of such principal, premium, if any, or interest or other amount payable, unless the context otherwise requires, and express mention of the payment of Additional Amounts in any provision hereof shall not be construed as excluding reference to Additional Amounts in those provisions hereof where such express mention is not made.

In the event that Additional Amounts actually paid with respect to the Securities pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the Holder of such Securities, and, as a result thereof such Holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such Holder shall, by accepting such Securities, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Company. However, by making such assignment, the Holder makes no representation or warranty that the Company will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

All references in this Indenture and the Securities to principal in respect of any Security shall be deemed to mean and include any Redemption Price payable in respect of such Security pursuant to any redemption right hereunder (and all such references to the Stated Maturity of the principal in respect of any Security shall be deemed to mean and include the Redemption Date with respect to any such Redemption Price), and all such references to principal, premium, if any, interest or Additional Amounts shall be deemed to mean and include any amount payable in respect hereof pursuant to Section 1009 of the Indenture, and express mention of the payment of any Redemption Price, or any such other amount in those provisions hereof where such express reference is not made.

The Company may, at its option, redeem the Securities upon not less than 30 nor more than 60 days' written notice, at any time in whole but not in part, at a Redemption Price equal to the sum of (A) 100% of the principal amount of the Securities, (B) accrued and unpaid interest on the principal amount of the Securities to the Redemption Date and (C) any Additional Amounts which would otherwise be payable thereon to the Redemption Date, solely if,

> (1) as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Mexico, or any political subdivision or taxing authority thereof or therein affecting taxation, any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after …….., the Company would be obligated on the next succeeding Interest Payment Date, after taking such measures as the Company may consider reasonable to avoid this requirement, to pay Additional Amounts in excess of those attributable to a withholding tax rate of 4.9%; or
>
> (2) in the event that the Company is organized under the laws of any Taxing Jurisdiction other than Mexico (the date on which the Company becomes subject to any such Taxing Jurisdiction, the "Succession Date"), and as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of such Taxing Jurisdiction, or any political subdivision or taxing authority thereof or therein affecting taxation, any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective after the Succession Date, the Company would be obligated on the next succeeding Interest Payment Date, after taking such measures as the Company may consider reasonable to avoid this requirement, to pay Additional Amounts in excess of those attributable to any withholding tax rate imposed by such Taxing Jurisdiction as of the Succession Date with respect to the Securities;

provided, however, that (x) no notice of such redemption may be given earlier than 90 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts if a payment on the Securities were then due and (y) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of a series at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities of such series at the time

Outstanding. The Indenture also contains provisions (i) permitting the Holders of a majority in principal amount of the Securities of a series at the time Outstanding, on behalf of the Holders of all Securities of that series, to waive compliance by the Company with certain provisions of the Indenture and (ii) permitting the Holders of a majority in principal amount of the Securities of a series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity satisfactory to it, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or premium, if any, or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office of the Transfer Agent, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Transfer Agent duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, shall be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of U.S.$..... and integral multiples of U.S.$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee, any Agent and any other agent of the Company or of the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee, any Agent nor any such other agent shall be affected by notice to the contrary.

This Security is a Global Security and is subject to the provisions of the Indenture relating to Global Securities, including the limitations in Section 304 thereof on transfers and exchanges of Global Securities.

This Security and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Security, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT—_____ (Cust)
TEN ENT - as tenants by the entireties	Custodian _____ (Minor) under Uniform
JT TEN - as joint tenants with right of survivorship and not as tenants in common	Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

Date of Transfer or Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Note Custodian

SECTION 204. *Form of Trustee's Certificate of Authentication.*

This is one of the Securities referred to in the within-mentioned Indenture.

Dated: _____

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Signatory

ARTICLE THREE

THE SECURITIES

SECTION 301. *Amount Unlimited; Issuable in Series.*

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in the manner provided, in an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities, including "CUSIP" numbers and "ISINs," of the series (which shall distinguish the Securities of the series from Securities of any other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 906 or 1105 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(4) the date or dates on which the principal of the Securities of the series is payable;

(5) the rate or rates at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any interest payable on any Interest Payment Date;

(6) the place or places where the principal of and premium, if any, and interest on Securities of the series shall be payable and the manner in which any payment may be made;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company;

(8) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if other than denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof, the denominations in which Securities of the series shall be issuable;

(10) if other than the currency of the United States of America, the currency, currencies or currency units in which payment of the principal of and premium, if any, and interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for purposes of the definition of "Outstanding" in Section 101;

(11) if the amount of payments of principal of or premium, if any, or interest on any Securities of the series may be determined with reference to an index, the manner in which such amounts shall be determined;

(12) if the principal of or premium, if any, or interest on any Securities of the series is to be payable, at the election of the Company or a Holder thereof, in one or more currencies or currency units other than that or those in which the Securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and premium, if any, and interest on Securities of such series as to which such election is made shall be payable, and the periods within which and the terms and conditions upon which such election is to be made;

(13) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(14) the applicability, nonapplicability, or variation, of Section 1008 with respect to the Securities of such series;

(15) if and as applicable, that the Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the Depositary or Depositaries for such Global Security or Global Securities and any circumstances other than those set forth in Section 304 in which any such Global Security may be transferred to, and registered and exchanged for Securities registered in the name

of, a Person other than the Depositary for such Global Security or a nominee thereof and in which any such transfer may be registered;

(16) the terms and conditions, if any, pursuant to which the Securities are convertible into or exchangeable for any other securities;

(17) any addition to or change in the covenants set forth in Article Ten which applies to the Securities of the series; and

(18) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 901(5)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 303) set forth, or determined in the manner provided, in the Officer's Certificate referred to above or in any such indenture supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officer's Certificate setting forth the terms of the series.

SECTION 302. *Denominations.*

Except as contemplated by Section 301, the Securities of each series shall be issuable only in registered form without coupons and only in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof.

SECTION 303. *Execution, Authentication, Delivery and Dating.*

The Securities shall be executed on behalf of the Company by any two of its Controller, its Treasurer, its Chief Financial Officer, its General Counsel or any Person specified in a Board Resolution authorizing such Person to take specified actions pursuant to the terms hereof. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with such Company Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating:

(1) if the form of such Securities has been established by or pursuant to a Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been established by or pursuant to a Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture; and

(3) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if, in the opinion of counsel to the Trustee, the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties, indemnities or immunities under the Securities and this Indenture.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officer's Certificate otherwise required pursuant to Section 301 or the Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

SECTION 304. *Registration, Registration of Transfer and Exchange.*

The Company shall cause to be appointed an office or agency where the Securities may be presented or surrendered for registration of transfer or exchange (the "Transfer Agent") and cause to be kept by the security registrar (the "Security Registrar") a register (the register maintained by such Security Registrar or in any other office or agency designated pursuant to Section 1002 being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed Security Registrar and Transfer Agent for the purpose of registering Securities and transfers of Securities as herein provided. Upon surrender for registration of transfer of any Security at an office or agency of the Company designated pursuant to Section 1002 for such purpose, and subject to the other provisions of this Section 304, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new

Securities of any authorized denominations and of a like aggregate principal amount. The Company shall not be required to register the transfer of or exchange any Securities of a series during a period beginning on the Regular Record Date for such series and the next succeeding Interest Payment Date for such series.

At the option of the Holder, and subject to the other provisions of this Section 304, Securities of any series may be exchanged for other Securities of any same series, of any authorized denominations and of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, and subject to the other provisions of this Section 304, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and subject to the other provisions of this Section 304, entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Transfer Agent duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 906 or Section 1105 not involving any transfer.

If the Securities of any series (or of any series and specified tenor) are to be redeemed in part, the Company and the Transfer Agent shall not be required (A) to issue, register the transfer of or exchange any Securities of that series (or of that series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Securities selected for redemption under Section 1102 and ending at the close of business on the day of such mailing, or (B) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

The provisions of Sections 304(1), (2), (3), (4), (5) and (6) shall apply only to Global Securities:

(1) Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

(2) Notwithstanding any other provision in this Indenture or the Securities, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any

Person other than the Depositary or a nominee thereof unless (A) the Depositary (i) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act, (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security or (C) a request for certificates has been made by the Company upon 60 days' prior written notice given to the Trustee in accordance with the Depositary's customary procedures and a copy of such notice has been received by the Company from the Trustee. Any Global Security exchanged pursuant to Section 304(2)(A) shall be so exchanged in whole and not in part and any Global Security exchanged pursuant to Section 304(2)(B) or (C) may be exchanged in whole or from time to time in part as directed by the Depositary. Any Security issued in exchange for a Global Security or any portion thereof shall be a Global Security; *provided* that any such Security so issued that is registered in the name of a Person other than the Depositary or a nominee thereof shall not be a Global Security.

(3) Securities issued in exchange for a Global Security or any portion thereof pursuant to Section 304(2) shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate principal amount equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depositary shall designate in writing and shall bear any legends required hereunder. Any Global Security to be exchanged in whole shall be surrendered by the Depositary to the Transfer Agent. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, the principal amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depositary or an authorized representative thereof.

(4) In the event of the occurrence of any of the events specified in Section 304(2), the Company shall promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form, without interest coupons.

(5) Neither any members of, or participants in, the Depositary ("Agent Members") nor any other Persons on whose behalf Agent Members may act (including Euroclear Bank S.A/N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and account holders and participants therein) shall have any rights under this Indenture with respect to any Global Security, or under any Global Security, and the Depositary or its nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and Holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall (i) prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or its nominee, as the case may be, or (ii) impair, as between the Depositary, its Agent Members and any other Person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a beneficial owner of an interest in a Global Security.

(6) None of the Company, the Trustee or any Agent shall have any responsibility or obligation to any beneficial owner of an interest in a Global Security, an Agent Member of, or a participant in, the Depositary or other Person with respect to the accuracy of the records of the Depositary or its nominee or of any participant or Agent Member thereof, with respect to any ownership interest in a Global Security or with respect to the delivery to any participant, Agent Member, beneficial owner or other Person (other than the Depositary) of any notice or the payment of any amount or delivery of any Global Security (or other security or property) under or with respect to such Global Securities. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Global Securities shall be given or made only to or upon the order of the Depositary. The rights of beneficial owners in any Global Security shall be exercised only through the Depositary subject to the applicable rules and procedures of the Depositary. The Company, the Trustee and each Agent may rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its Agent Members, participants and any beneficial owners.

Neither the Trustee nor any Agent shall have any obligation or duty to monitor, determine or inquire as to compliance with or with respect to any securities or tax laws (including but not limited to any United States federal or state or other securities or tax laws), or except as specifically provided herein, obtain documentation on any transfers or exchanges of the Securities.

SECTION 305. *Mutilated, Destroyed, Lost and Stolen Securities.*

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of written notice to the Company or the Trustee that such Security has been acquired by a protected purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section 305, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section 305 in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time

enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section 305 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 306. *Payment of Interest; Interest Rights Preserved.*

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Section 306(1) or (2):

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit by 10:00 A.M. (New York City time) on the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Section 306(1) provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to Section 306(2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the

Trustee of the proposed payment pursuant to this Section 306(2), such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 306, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 307. *Persons Deemed Owners.*

Prior to due presentment of a Security for registration of transfer (or in the event of any mutilated, destroyed, lost or stolen Security), the Company, the Trustee, any Agent and any other agent of the Company or the Trustee may treat the Person in whose name such Security is registered, as evidenced by the Security Register, as the owner of such Security for all purposes including, without limitation, receiving payment of principal of and premium, if any, and (subject to Section 306) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee, any Agent nor any other agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 308. *Cancellation.*

All Securities surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section 308, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of in accordance with its customary procedures unless otherwise directed by a Company Order.

SECTION 309. *Computation of Interest.*

Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 310. *CUSIP Numbers and ISINs.*

The Company in issuing the Securities may use "CUSIP" numbers and "ISINs" (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers and "ISINs" in notices as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Securities, and any such notice shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" numbers or "ISINs."

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. *Satisfaction and Discharge of Indenture.*

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, on written demand of and at the expense of the Company, shall execute instruments acknowledging satisfaction and discharge of this Indenture, when:

(1) either:

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 305 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation:

(i) have become due and payable; or

(ii) will become due and payable at their Stated Maturity within one year; or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose funds in an amount sufficient to pay and discharge the entire Indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and premium, if any, and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to Section 401(1)(B), the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive such satisfaction and discharge.

SECTION 402. *Application of Trust Money.*

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and premium, if any, and interest for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE

DEFAULTS AND REMEDIES

SECTION 501. *Events of Default.*

"Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of the principal (including any Redemption Price and any Additional Amounts) of or premium, if any, on any Security of that series at its Maturity; or

(2) default in the payment of any interest (including any Additional Amounts) upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(3) default in the performance, or breach, of any covenant of the Company in this Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in this Section 501 specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee at the written request of Holders of at least 25% in principal amount of the Outstanding Securities of that series or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(4) a default or defaults under any bond, debenture, note or other evidence of Indebtedness of the Company or any Significant Subsidiary, whether such Indebtedness now exists or shall hereafter be created; *provided* that such default or defaults, individually or in the aggregate, (A) shall constitute a failure to pay the principal at

(5) a final judgment or judgments (not subject to appeal) for the payment of money are entered against the Company and/or any one or more Significant Subsidiaries in an aggregate amount in excess of U.S.$50,000,000 (or the equivalent thereof in other currencies), by a court or courts of competent jurisdiction, which judgment(s) (A) are neither discharged nor bonded in full within 90 days or (B) if bonded in full within such 90-day period, cease to be fully bonded, and continuance of such default or breach for a period of 10 days after there has been given, by registered or certified mail, to the Company by the Trustee at the written request of Holders of at least 25% in principal amount of the Outstanding Securities of that series or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(6) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under any applicable bankruptcy, insolvency, suspension of payments, *concurso mercantil*, reorganization or other similar law, or (B) a decree or order adjudging the Company or any Significant Subsidiary a bankrupt or insolvent, or suspending payments, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Subsidiary under any applicable law, or appointing a custodian, receiver, liquidator, assignee, trustee, *síndico, conciliador*, sequestrator or other similar official of the Company or any Significant Subsidiary or of any substantial part of the property of the Company or any Significant Subsidiary, or ordering the winding up or liquidation of the affairs of the Company or any Significant Subsidiary, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(7) the commencement by the Company or any Significant Subsidiary of a voluntary case or proceeding under any applicable bankruptcy, insolvency, *concurso mercantil*, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company or any Significant Subsidiary to the entry of a decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under any applicable bankruptcy, insolvency, suspension of payments, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company or any Significant Subsidiary of the Company, or the filing by the Company or any Significant Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable law or the consent by the Company or any Significant Subsidiary to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, *síndico, conciliador*, sequestrator or similar official of the Company or any Significant Subsidiary or of any substantial part of

the property of the Company or any Significant Subsidiary, or the making by the Company or any Significant Subsidiary of an assignment for the benefit of creditors, or the admission by the Company or any Significant Subsidiary in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company or any Significant Subsidiary in furtherance of any such action (evidenced by the adoption of a corporate resolution in favor of any such actions or an action of any of the officers of the Company or such Significant Subsidiary that similarly binds the Company or such Significant Subsidiary, as the case may be).

SECTION 502. *Acceleration of Maturity; Rescission and Annulment.*

If an Event of Default with respect to any series of Securities (other than an Event of Default specified in Sections 501(6) or (7)) occurs and is continuing, then and in every such case the Trustee shall, at the written request of the Holders of not less than 25% in principal amount of the Outstanding Securities of that series, by notice in writing to the Company, declare the principal of all the Securities to be due and payable immediately, and upon any such declaration such principal and any accrued interest and any unpaid Additional Amounts thereon shall become immediately due and payable. If an Event of Default specified in Sections 501(6) or (7) with respect to Securities of any series at the time Outstanding occurs and is continuing, the principal and any accrued interest, together with any Additional Amounts thereon, on all of the Securities of that series then Outstanding shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after a declaration of acceleration with respect to Securities of any series at the time Outstanding has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay:

(A) all overdue interest and any Additional Amounts thereon on all of the Securities of that series;

(B) the principal of any Securities of that series which have become due otherwise than by such declaration of acceleration;

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Securities of that series; and

(D) all sums paid or advanced by the Trustee hereunder and all amounts owing the Trustee under Section 607;

and

(2) all Events of Default, other than the non-payment of the principal of Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. *Collection of Indebtedness and Suits for Enforcement by Trustee.*

The Company covenants that if:

(1) default is made in the payment of any interest (including any Additional Amounts) on any Security when such interest becomes due and payable and such default continues for a period of 30 days; or

(2) default is made in the payment of the principal (including any Redemption Price) of or premium, if any, on any Security at the Maturity thereof,

the Company shall, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and premium, if any, and interest, and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium, if any, and on any overdue interest, at the rate borne by such Securities, together with any Additional Amounts thereon, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and all amounts due the Trustee under Section 607.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of that series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. *Trustee May File Proofs of Claim.*

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; *provided, however*, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

SECTION 505. *Trustee May Enforce Claims Without Possession of Securities.*

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. *Application of Money Collected.*

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of the amounts then due and unpaid for principal of and premium, if any, and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and premium, if any, and interest, respectively; and

THIRD: Any remaining amounts shall be repaid to the Company.

SECTION 507. *Limitation on Suits.*

No Holder of any Securities of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series and such Event of Default has not been cured or waived;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 508. *Unconditional Right of Holders to Receive Principal, Premium and Interest.*

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and (subject to Section 306) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date).

SECTION 509. *Restoration of Rights and Remedies.*

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. *Rights and Remedies Cumulative.*

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 305, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. *Delay or Omission Not Waiver.*

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or

constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. *Control by Holders.*

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; *provided* that:

(1) such direction shall not be in conflict with any rule of law or with this Indenture; and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. *Waiver of Past Defaults.*

Subject to Section 502, the Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default:

(1) in the payment of the principal of or premium, if any, or interest on any Security of such series; or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs, including reasonable attorneys' fees and expenses, against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; *provided* that neither this Section 514 nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company or the Trustee or to require the Company to repurchase any Security in accordance with its terms.

SECTION 515. *Waiver of Usury, Stay or Extension Laws.*

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. *Certain Duties and Responsibilities.*

The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 601.

SECTION 602. *Notice of Defaults.*

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default as and to the extent provided by the Trust Indenture Act; *provided, however,* that in the case of any default of the character specified in Section 501(3) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section 602, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. *Certain Rights of Trustee.*

Subject to the provisions of Section 601:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of Indebtedness or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel of its own choice and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of Indebtedness or other paper or document in connection with this Indenture, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; *provided* that the Trustee shall be required to terminate any such agent if it has actual knowledge of any failure by such agent to perform its delegated duties;

(h) the Trustee shall not be deemed to have notice of any default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;

(i) the Company shall deliver, and make such further deliveries as may be necessary to maintain the currency of such information, to the Trustee an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any Person authorized to sign an Officer's Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded;

(j) notwithstanding any provision herein to the contrary, in no event shall the Trustee be liable under or in connection with this Indenture or the Securities for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including but not limited to lost profits, whether or not foreseeable, even if the Trustee has been advised of the possibility thereof and regardless of the form of action in which such damages are sought; and

(k) notwithstanding any provision herein to the contrary, in no event shall the Trustee be liable for any failure or delay in the performance of its obligations under this Indenture because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, strikes or work stoppages for any reason, embargo, government action, including any laws, ordinances, regulations or the like which restrict or prohibit the providing of the services contemplated by this Indenture, inability to obtain material, equipment, or communications or computer facilities, or the failure of equipment or interruption of communications or computer facilities, and other causes beyond its control whether or not of the same class or kind as specifically named above.

SECTION 604. *Not Responsible for Recitals or Issuance of Securities.*

Neither the Trustee nor any Agent assume any responsibility for the correctness of the recitals contained herein and in the Securities, except that (i) the Trustee and any Authenticating Agent assume responsibility for the correctness of the Trustee's certificates of authentication and (ii) the Trustee represents that it is duly authorized to execute and deliver this Indenture. The Trustee makes no representations as to the validity or sufficiency of any offering materials or this Indenture or of the Securities. Neither the Trustee nor any Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 605. *May Hold Securities.*

The Trustee, any Agent or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Agent or such other agent.

SECTION 606. *Money Held in Trust.*

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on or the investment of any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION 607. *Compensation and Reimbursement.*

The Company agrees:

(1) to pay to the Trustee from time to time such compensation as shall be agreed in writing between the parties for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable and documented expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or willful misconduct;

(3) to fully indemnify each of the Trustee and any predecessor Trustee for, and to hold each of the Trustee and each predecessor Trustee and their respective officers, directors, employees, agents and representatives harmless against, any and all losses, liabilities, damages, claims or expenses incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, the exercise or performance of any of its rights, powers or duties hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Company, a Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder; and

(4) To secure the Company's obligation under this Section 607, the Trustee shall have a lien prior to the Securities upon all money or property held or collected by the Trustee in its capacity as Trustee, except for such money and property which is held in trust to pay principal and premium, if any, or interest on particular Securities and may withhold or set-off any amounts due and owing to it under this Indenture from any such money or property held by it.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(6) or (7), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or State bankruptcy, insolvency or other similar law.

The provisions of this Section 607 shall survive the payment of the Securities, the resignation or removal of the Trustee and the termination of this Indenture.

SECTION 608. *Conflicting Interests.*

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by the Trust Indenture Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series.

SECTION 609. *Corporate Trustee Required; Eligibility.*

There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, unless otherwise required pursuant to applicable law, which may be Trustee hereunder for Securities of one or more other series. Each Trustee shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such, has a combined capital and surplus of at least U.S.$50,000,000 and has its principal corporate trust office in the Borough of Manhattan, The City of New York, New York. If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section 609 and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the

provisions of this Section 609, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. *Resignation and Removal; Appointment of Successor.*

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 60 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

If at any time:

(1) the Trustee shall fail to comply with Section 608 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company, by a Company Order, may remove the Trustee with respect to all Securities, or (B) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Company Order, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the

Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders or a court of competent jurisdiction within 60 days after the resignation, removal or incapability of the predecessor Trustee and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 611. *Acceptance of Appointment by Successor*.

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the written request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each

such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. *Merger, Conversion, Consolidation or Succession to Business.*

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee (including its appointment hereunder), shall be the successor of the Trustee hereunder; *provided* such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 613. *Preferential Collection of Claims Against Company.*

If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

SECTION 614. *Appointment of Authenticating Agent.*

The Trustee may appoint an Authenticating Agent or Agents which shall be authorized to act on behalf of the Trustee to authenticate Securities issued upon original issue and upon exchange, registration of transfer or partial redemption or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of

Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than U.S.$50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section 614, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section 614, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section 614.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business (including its appointment hereunder) of an Authenticating Agent, shall continue to be an Authenticating Agent; *provided* such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section 614, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section 614.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section 614.

If an appointment is made pursuant to this Section 614, the Securities may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
As Trustee

By: _____
As Authenticating Agent

By: _____

Authorized Signatory

SECTION 615. *Trustee's Application for Instructions from the Company.*

Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

SECTION 616. *Rights, Protections and Immunities of the Trustee and Agents.*

The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder as Security Registrar, Transfer Agent, Paying Agent and each other Agent appointed hereunder.

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. *Company to Furnish Trustee Names and Addresses of Holders.*

To the extent the Securities are issued in certificated form and the Company is acting as Security Registrar, the Company shall furnish or cause to be furnished to the Trustee:

(a) semi-annually, not more than 15 days after each Regular Record Date with respect to each series of Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities of such series as of such Regular Record Date; and

(b) at such other times as the Trustee may reasonably request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Security Registrar.

SECTION 702. *Preservation of Information; Communications to Holders.*

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the

Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 703. *Reports by Trustee.*

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. If required by Section 313(a) of the Trust Indenture Act, the Trustee shall, within sixty days after each May 15 following the date of this Indenture deliver to Holders a brief report, dated as of such May 15, which complies with the provisions of such Section 313(a).

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company shall promptly notify the Trustee in writing when any Securities are listed on or delisted from any stock exchange.

SECTION 704. *Reports by Company.*

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, which the Company is required to file with the Trustee and/or the Commission and/or transmit to Holders pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. *Company May Consolidate, Etc., Only on Certain Terms.*

The Company shall not consolidate with or merge into any other Person or, directly or indirectly, transfer, convey, sell, lease or otherwise dispose of all or substantially all of its assets and properties and shall not permit any Person to consolidate with or merge into the Company *unless*:

(1) either:

(i) in the case of a merger or consolidation, the Company is the surviving entity, or

(ii) the Person formed by such consolidation or merger or the Person which acquires by transfer, conveyance, sale, lease or other disposition all or substantially all of the assets and properties of the Company shall expressly assume by an indenture supplemental hereto all obligations of the Company under the Securities, this Indenture and any supplemental indenture relating to any series of Securities, including, without limitation, the due and punctual payment of the principal of and premium, if any, and interest on all the Securities;

(2) immediately after giving effect to such transaction, no Event of Default, or an event or condition which, after the giving of notice or lapse of time, or both, would become an Event of Default, with respect to any series of Securities shall have occurred and be continuing; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such transaction and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 802. *Successor Substituted.*

Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer, sale, lease or other disposition of all or substantially all of the assets and properties of the Company in accordance with Section 801, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. *Supplemental Indentures without Consent of Holders.*

Without the consent of any Holders, the Company, when authorized by a Board Resolution or other duly authorized corporate action (in the case of the latter, along with delivery of a Company Order to the Trustee), and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities;

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company;

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series);

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form;

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities; *provided* that any such addition, change or elimination (A) shall neither (i) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no such Security Outstanding;

(6) to secure the Securities pursuant to the requirements of Article Ten or otherwise;

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611;

(9) to modify the restrictions on the transferability of any Securities, and the procedures for resales and other transfers of the Securities to reflect any change in applicable law or regulation (or the interpretation thereof) or to provide alternative procedures in compliance with applicable law and practices relating to the resale or other transfer of restricted securities generally;

(10) to comply with the requirements of the Commission in connection with qualifying this Indenture under the Trust Indenture Act;

(11) to add one or more guarantors for the benefit of all or any series of Securities; or

(12) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; *provided* that such action pursuant to this Section 901(12) shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

SECTION 902. *Supplemental Indentures with Consent of Holders.*

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution or other duly authorized corporate action (in the case of the latter, along with delivery of a Company Order to the Trustee), and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; *provided, however,* that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or premium, if any, payable upon the redemption thereof, or reduce the amount of the principal of any Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or modify in any way the Company's obligation to pay Additional Amounts pursuant to Section 1008 or change any Place of Payment where, or the coin or currency in which, any Security or premium, if any, or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(3) modify any of the provisions of this Section 902, Section 513 or Section 1010, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; *provided, however*, that this Section 902(3) shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section 902 and Section 1010, or the deletion of this proviso, in accordance with the requirements of Section 611.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular

series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section 902 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. *Execution of Supplemental Indentures.*

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. *Effect of Supplemental Indentures.*

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. *Conformity with Trust Indenture Act.*

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

SECTION 906. *Reference in Securities to Supplemental Indentures.*

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. *Payment of Principal, Premium and Interest.*

The Company shall duly and punctually pay the principal of and premium, if any, and interest (together with any Additional Amounts payable thereon) on the Securities in accordance with the terms of the Securities and this Indenture.

SECTION 1002. *Maintenance of Office or Agency.*

With respect to any Global Security, and except as otherwise may be specified for such Global Security as contemplated by Section 301, the Corporate Trust Office of the Trustee shall be the Place of Payment where such Global Security may be presented or surrendered for payment or for registration of transfer or exchange, or where successor Securities may be delivered in exchange therefor; *provided, however,* that any such payment, presentation, surrender or delivery effected pursuant to the Applicable Procedures of the Depositary for such Global Security shall be deemed to have been effected at the Place of Payment for such Global Security in accordance with the provisions of this Indenture.

With respect to any securities that are not in the form of a Global Security, the Company shall maintain in the Borough of Manhattan, The City of New York, New York, an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer or exchange and where notices and demands (other than the type contemplated by Section 115) to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside the Borough of Manhattan, The City of New York, New York) where the Securities of one or more series, notices and other items may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however,* that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. *Money for Security Payments to Be Held in Trust.*

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it shall, on or before each due date of the principal of or premium, if any, or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and premium, if any, and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it shall, by 10:00 A.M. (New York City time) on each due date of the principal of or premium, if any, or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company shall promptly notify the Trustee of its action or failure so to act.

The Company shall cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Company, subject to the provisions of this Section 1003, that such Paying Agent will (1) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (2) during the continuance of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or premium, if any, or interest on any Security of any series and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may, at the expense of the Company, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Each Paying Agent shall comply with applicable backup withholding tax and information reporting requirements under the United States Internal Revenue Code of 1986, as amended from time to time, and the United States Treasury Regulations promulgated thereunder with respect to payments made under the Securities (including, to the extent required, the collection of Internal Revenue Service Forms W-8 and W-9 and the filing of United States Internal Revenue Service Forms 1099 and 1096).

SECTION 1004. *Statement by Officers as to Default.*

The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officer's Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

The Company shall deliver to the Trustee, as soon as possible and in any event within 15 days after the Company becomes aware of the occurrence of an Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officer's Certificate setting forth the details of such Event of Default or default and the action which the Company proposes to take with respect thereto.

SECTION 1005. *Exchange Act Reports.*

The Company shall furnish the Trustee, within 15 days after filing with the Commission, with copies of its annual report and the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. In addition, the Company shall make the same information, documents and other reports available, at its expense, to Holders who so request in writing. In the event that, in the future, the Company is not required to file such information, documents or other reports pursuant to Section 13 or 15(d) of the Exchange Act, then the Company shall furnish to the Trustee (i) copies of the Company's audited annual financial statements within 120 days after the end of the Company's fiscal year and (ii) copies of the Company's unaudited quarterly financial statements within 60 days after the end of each of the Company's first three fiscal quarters of each year. If the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act at any time when the Securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, then it shall promptly furnish or cause to be furnished financial and other information described in Rule 144A(d)(4) under the Securities Act of 1933 (or any successor provision thereto) with respect to the Company to any Holder, or to a prospective purchaser of a Note who is designated by such Holder, upon the request of such Holder or prospective purchaser, to the extent required to permit such Holder to comply with Rule 144A under the Securities Act in connection with any resale of Securities held by such Holder.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

SECTION 1006. *Limitation on Liens.*

The Company shall not, and shall not permit any Significant Subsidiary to, create, incur, issue or assume any Indebtedness secured by any Lien on any property without, in any such case, effectively providing that the Securities (together with, if the Company shall so determine, any other Indebtedness of the Company or any Significant Subsidiary then existing or thereafter created) shall be secured equally and ratably with or prior to such secured Indebtedness, so long as such secured Indebtedness shall be so secured, unless, after giving effect thereto, the aggregate principal amount of all such secured Indebtedness then outstanding would not exceed an amount equal to the greater of (i) U.S.$700,000,000 and (ii) 20% of Consolidated Tangible Assets less, in each case, the aggregate amount of Attributable Debt of the Company and its Significant Subsidiaries in respect of Sale/Leaseback Transactions then outstanding pursuant to Section 1007(a); *provided, however,* that nothing contained in this Section 1006 shall prevent or restrict Indebtedness secured by:

(a) any Lien existing on any property prior to the acquisition thereof by the Company or any of its Significant Subsidiaries, or any Lien arising after such acquisition pursuant to contractual commitments entered into prior to such acquisition and not in contemplation thereof;

(b) any Lien on any property securing Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof; *provided* that such Lien attaches to such property within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof and does not attach to any other property;

(c) any Lien existing on any property of any Subsidiary prior to the time such Subsidiary becomes a Subsidiary of the Company or any Lien arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof;

(d) any Lien on any property securing Indebtedness owed by a Subsidiary to the Company or to another Subsidiary;

(e) any Lien existing on the date hereof;

(f) any Lien resulting from the deposit of funds or other evidence of Indebtedness in trust for the purpose of defeasing any Indebtedness of the Company or any Subsidiary of the Company;

(g) any (i) Lien for taxes, assessments and other governmental charges and (ii) attachment or judgment Liens, in each case, the payment of which is being contested in good faith by appropriate proceedings for which such reserves or other appropriate provision, if any, as may be required by Mexican FRS shall have been made; and

(h) any Lien arising out of the refinancing, extension, renewal or refunding of any Indebtedness described in subsections (a) through (g) of this Section 1006; *provided* that the aggregate principal amount of such Indebtedness is not increased and such Lien does not extend to any additional property.

For purposes of this Section 1006, the giving of a guarantee which is secured by a Lien on any property, and the creation of a Lien on any property to secure Indebtedness which existed prior to the creation of such Lien, shall be deemed to involve the creation of secured Indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of Indebtedness secured by Liens on properties shall be computed without cumulating the underlying Indebtedness with any guarantee thereof or Lien securing the same.

SECTION 1007. *Limitation on Sale/Leaseback Transactions.*

The Company shall not, and shall not permit any Significant Subsidiary to, enter into any Sale/Leaseback Transaction without in any such case effectively providing that the Securities (together with, if the Company shall so determine, any other Indebtedness of the Company or any Significant Subsidiary then existing or thereafter created) shall be secured equally and ratably with or prior to such Sale/Leaseback Transaction, so long as such Sale/Leaseback Transaction shall be outstanding, unless, after giving effect thereto:

(a) the aggregate amount of Attributable Debt of the Company and its Significant Subsidiaries in respect of Sale/Leaseback Transactions then outstanding pursuant to this Section 1007(a) would not exceed an aggregate amount equal to the greater of (i) U.S.$700,000,000 and (ii) 20% of Consolidated Tangible Assets less, in each case, the aggregate principal amount of all Indebtedness then outstanding of the Company and its Significant Subsidiaries secured by any Lien on any property pursuant to the first sentence of Section 1006 (without giving effect to clauses (a) through (h) thereof); or

(b) the Company or a Subsidiary, within 12 months after such Sale/Leaseback Transaction, (i) applies to the retirement of Indebtedness which is not owed to the Company or a Subsidiary and which is not subordinated to the Securities or (ii) invests in equipment, plant facilities or other fixed assets used in the operations of the Company or a Subsidiary, an aggregate amount equal to the greater of (x) the net proceeds of the sale or transfer of the property or other assets that are the subject of such Sale/Leaseback Transaction and (y) the fair market value of the property so leased.

Notwithstanding the foregoing, the Company and its Subsidiaries may enter into Sale/Leaseback Transactions that solely refinance, extend, renew or refund Sale/Leaseback Transactions permitted pursuant to Sections 1007(a) and 1007(b) and the restriction described in the introductory sentence of this Section 1007 shall not apply to such refinancing, extension, renewal or refunding.

SECTION 1008. *Payment of Additional Amounts.*

(a) The Company shall pay to Holders of the Securities all additional amounts ("Additional Amounts") that may be necessary so that every net payment of interest or principal to the Holders of the Securities will not be less than the amount provided for in the Securities. For purposes of the preceding sentence, "net payment" means the amount that the Company or any Paying Agent will pay the Holder after the Company deducts or withholds an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment (or the payment of such Additional Amounts) by the taxing authority of Mexico or any other country under whose laws the Company is organized at the time of payment, except for the United States (each, a "Taxing Jurisdiction"). Notwithstanding the foregoing, the Company shall not be obligated to pay Additional Amounts to any Holder of a Security for or on account of any of the following:

(i) any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the Holder and the Taxing Jurisdiction (other than the mere receipt of a payment, the ownership or holding of such Security or the enforcement of rights with respect to such Security);

(ii) any estate, inheritance, gift, sales, transfer, personal property or other similar tax, assessment or other governmental charge imposed with respect to such Security;

(iii) any taxes, duties, assessments or other governmental charges imposed solely because the Holder or any other Person fails to comply with any certification, identification or other reporting requirement concerning the

nationality, residence, identity or connection with the Taxing Jurisdiction of the Holder or any beneficial owner of such Security if compliance is required by law, regulation or by an applicable income tax treaty to which such Taxing Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and the Company has given the Holders at least 30 days' written notice prior to the first payment date with respect to which such certification, identification or reporting requirement is required to the effect that Holders will be required to provide such information and identification;

(iv) any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on such Security;

(v) any taxes, duties, assessments or other governmental charges with respect to such Security presented for payment more than 15 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to Holders, whichever occurs later, except to the extent that the Holder of such Security would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 15-day period;

(vi) any payment on such Security to a Holder that is a fiduciary or partnership or a Person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of such Security; and

(vii) any tax, duty, assessment or governmental charge imposed on payment to an individual and required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings.

Notwithstanding the foregoing, the limitations on the Company's obligation to pay Additional Amounts set forth in Section 1008(a)(iii) will not apply if the provision of information, documentation or other evidence described in Section 1008(a)(iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Security than comparable information or other reporting requirements imposed under United States tax law, regulations (including proposed regulations) and administrative practice. In addition, the limitations on the Company's obligations to pay Additional Amounts set forth in Section 1008(a)(iii) also will not apply with respect to any Mexican withholding taxes unless (a) the provision of the information, documentation or other evidence described in Section 1008(a)(iii) is expressly required by the applicable Mexican regulations, (b) the Company cannot obtain the information, documentation or other evidence necessary to comply with the applicable Mexican regulations on its own through reasonable diligence and (c) the Company otherwise would meet the requirements for application of the applicable Mexican regulations. In addition, Section 1008(a)(iii) shall not be construed to require that any Person that is not a resident of Mexico for tax purposes, including any non-Mexican pension fund, retirement fund or financial institution, register with the Ministry of Finance and

Public Credit to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

The Company shall remit the full amount of any taxes withheld to the applicable taxing authorities in accordance with applicable law of the Taxing Jurisdiction. The Company shall also provide the Trustee with documentation (which may consist of copies of such documentation) reasonably satisfactory to the Trustee evidencing the payment of taxes in respect of which the Company has paid any Additional Amount. The Company shall provide copies of such documentation to the Holders of the Securities or the relevant Paying Agent upon request.

In respect of the Securities issued hereunder, at least 10 days prior to the first date of payment of interest on the Securities and at least 10 days prior to each date, if any, of payment of principal or interest thereafter if there has been any change with respect to the matters set forth in the below-mentioned Officer's Certificate, the Company shall furnish the Trustee and each Paying Agent with an Officer's Certificate instructing the Trustee and such Paying Agent as to whether such payment of principal of or any interest on such Securities shall be made without deduction or withholding for or on account of any tax, duty, assessment or other governmental charge. If any such deduction or withholding shall be required by a Taxing Jurisdiction, then such certificate shall specify, by country, the amount, if any, required to be deducted or withheld on such payment to Holders of such Securities, and the Company shall pay or cause to be paid to the Trustee or such Paying Agent Additional Amounts, if any, required by this Section 1008. The Company agrees to indemnify the Trustee and each Paying Agent for, and to hold them harmless against, any loss, liability or expense incurred without willful misconduct on their part arising out of or in connection with actions taken or omitted by them in reliance on any Officer's Certificate furnished pursuant to this Section 1008 or the failure to furnish any Officer's Certificate.

(b) The Company shall pay all stamp, issue, registration, documentary or other similar duties, if any, which may be imposed by Mexico or any governmental entity or political subdivision therein or thereof, or any taxing authority of or in any of the foregoing, with respect to the Indenture or the issuance of the Securities.

(c) The Company shall provide each Paying Agent and any withholding agent under relevant tax regulations with copies of each certificate received by the Company from a Holder of a Security pursuant to the provisions of such Security. Each such Paying Agent and withholding agent shall retain each such certificate received by it for as long as any Security is Outstanding and in no event for less than four years after its receipt, and for such additional period thereafter, as set forth in an Officer's Certificate, as such certificate may become material in the administration of applicable tax laws.

(d) In the event that Additional Amounts actually paid with respect to the Securities pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the Holder of such Securities, and, as a result thereof such Holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such Holder shall, by accepting such Securities, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Company. However, by making such assignment, the Holder makes no representation or warranty that the Company will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

(e) All references in this Indenture and the Securities to principal, premium, if any, or interest in respect of any Security shall be deemed to mean and include all Additional Amounts, if any, payable in respect of such principal, premium, if any, or interest or any other amounts payable, unless the context otherwise requires, and express mention of the payment of Additional Amounts in any provision hereof shall not be construed as excluding reference to Additional Amounts in those provisions hereof where such express mention is not made. All references in this Indenture and the Securities to principal in respect of any Security shall be deemed to mean and include any Redemption Price payable in respect of such Security pursuant to any redemption right hereunder (and all such references to the Stated Maturity of the principal in respect of any Security shall be deemed to mean and include the Redemption Date with respect to any such Redemption Price), and all such references to principal, premium, if any, interest or Additional Amounts shall be deemed to mean and include any amount payable in respect hereof pursuant to Section 1009, and express mention of the payment of any Redemption Price, or any such other amount in those provisions hereof where such express reference is not made.

SECTION 1009. *Indemnification of Judgment Currency.*

The Company shall indemnify the Trustee and any Holder of a Security against any loss incurred by the Trustee or such Holder, as the case may be, as a result of any judgment or order being given or made for any amount due under this Indenture or such Security and being expressed and paid in a currency (the "Judgment Currency") other than Dollars, and as a result of any variation between (i) the rate of exchange at which the Dollar amount is converted into the Judgment Currency for the purpose of such judgment or order and (ii) the spot rate of exchange in The City of New York, New York at which the Trustee or such Holder, as the case may be, on the date of payment of such judgment or order is able to purchase Dollars with the amount of the Judgment Currency actually received by the Trustee or such Holder. Notwithstanding the preceding sentence, in the event that the amount of Dollars purchased by any Holder as a result of such indemnification exceeds the amount originally to be paid to such Holder, such Holder shall reimburse such excess to the Company. The foregoing indemnity shall constitute a separate and independent obligation of the Company and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "spot rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, Dollars.

SECTION 1010. *Waiver of Certain Covenants.*

Except as otherwise specified as contemplated by Section 301 for Securities of such series, the Company may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to Sections 301(18), 901(2) or 901(7) for the benefit of the Holders of such series or in Section 1006 or 1007, if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holder, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

SECTION 1011. *Calculation of Original Issue Discount.*

The Company shall file with the Trustee promptly at the end of each calendar year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods), if any, accrued on Outstanding Securities as of the end of such year and (ii) such other specific information relating to such original issue discount, if any, as may then be relevant under the United States Internal Revenue Code of 1986, as amended from time to time.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. *Right of Redemption.*

(a) The Securities of any series which are redeemable before their Stated Maturity may not be redeemed at the election of the Company except in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for such Securities) in accordance with the provisions of this Article.

(b) The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of the Securities of any series, the Company shall, at least 45 days prior to the Redemption Date fixed by the Company, notify the Trustee in writing of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. Such notice, once given to the Trustee, shall be irrevocable.

(c) The Company may, at its option, redeem the Securities of a series issued hereunder upon not less than 30 nor more than 60 days' written notice, at any time in whole but not in part, at a Redemption Price equal to the sum of (A) 100% of the principal amount of the Securities of such series, (B) accrued and unpaid interest on the principal amount of the Securities of such series to the Redemption Date and (C) any Additional Amounts which would otherwise be payable up to the Redemption Date, solely if,

(1) as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Mexico, or any political subdivision or taxing authority thereof or therein affecting taxation, any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date of the offering document relating to the Securities of such series, the Company would be obligated on the next succeeding Interest Payment Date, after taking such measures as the Company may consider reasonable to avoid this requirement, to pay Additional Amounts in excess of those attributable to a withholding tax rate of 4.9%; or

(2) in the event that the Company is organized under the laws of any Taxing Jurisdiction other than Mexico (the date on which the Company becomes subject to any such Taxing Jurisdiction, the "Succession Date"), and as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder)

of such Taxing Jurisdiction, or any political subdivision or taxing authority thereof or therein affecting taxation, any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective after the Succession Date, the Company would be obligated on the next succeeding Interest Payment Date, after taking such measures as the Company may consider reasonable to avoid this requirement, to pay Additional Amounts in excess of those attributable to any withholding tax rate imposed by such Taxing Jurisdiction as of the Succession Date with respect to the Securities;

provided, however, that (x) no notice of such redemption may be given earlier than 90 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts if a payment on the Securities were then due and (y) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

(d) Before any notice of redemption pursuant to Section 1101(c) is given to the Trustee or the Holders of Securities of the relevant series, the Company shall deliver to the Trustee (i) an Officer's Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Company so to redeem have occurred or been satisfied and (ii) an Opinion of Counsel from legal counsel of recognized standing (which may be the Company's in-house counsel) to the effect that the Company has or will become obligated to pay such Additional Amounts as a result of such change or amendment.

SECTION 1102. *Notice of Redemption.*

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price and amount of accrued interest, if any;

(3) that on the Redemption Date the Redemption Price and any accrued interest shall become due and payable upon each Security to be redeemed and that interest thereon shall cease to accrue on and after said date;

(4) the place or places where such Securities are to be surrendered for payment of the Redemption Price and any accrued interest; and

(5) applicable "CUSIP" numbers and "ISINs."

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's written request, by the Trustee in the name and at the expense of the Company, and such notice, when given to the Holders, shall be irrevocable.

In the event the Company requests that the Trustee deliver notice of redemption to the Holders, the Company shall provide the Trustee with the information required to be delivered in such notice pursuant to this Section 1102 and in sufficient time to enable the Trustee to deliver such notice in accordance with this Article.

SECTION 1103. *Deposit of Redemption Price.*

By 10:00 A.M. (New York City time) on any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

If any Security called for redemption is converted, any money deposited with the Trustee or with any Paying Agent or so segregated and held in trust for the redemption of such Security shall (subject to any right of the Holder of such Security or any Predecessor Security to receive interest as provided in the last paragraph of Section 306) be paid to the Company upon Company Request or, if then held by the Company, shall be discharged from such trust.

SECTION 1104. *Securities Payable on Redemption Date.*

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price herein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; *provided, however,* that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant record dates according to their terms and the provisions of Section 306.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by the Security.

SECTION 1105. *Securities Redeemed in Part.*

Any Security which is to be redeemed only in part shall be surrendered to the Transfer Agent (with due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Transfer Agent duly executed by the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1201. *Applicability of Article; Company's Option to Effect Legal Defeasance or Covenant Defeasance.*

If pursuant to Section 303 provision is made for either or both of (a) legal defeasance of the Securities of a series under Section 1202 or (b) covenant defeasance of the Securities of a series under Section 1203 to apply to Securities of any series, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article, shall be applicable to the Securities of such series, and the Company may at its option, at any time, with respect to the Securities of such series, elect to have either Section 1202 (if applicable) or Section 1203 (if applicable) be applied to the Outstanding Securities of such series upon compliance with the conditions set forth in Section 1204.

SECTION 1202. *Legal Defeasance and Discharge.*

Upon the Company's exercise of the above option applicable to this Section 1202, the Company shall be deemed to have been discharged from its obligations with respect to the Outstanding Securities of such series on the date the conditions set forth below are satisfied (hereinafter, "legal defeasance").

For this purpose, such legal defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the Outstanding Securities of such series and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the written request and expense of the Company, shall execute instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of Outstanding Securities of such series to receive, solely from the trust fund described in Section 1204 and as more fully set forth in such Section, payments in respect of the principal of and interest on and Additional Amounts, if any, with respect to, such Securities when such payments are due;

(b) the Company's obligations with respect to such Securities under Sections 304, 305, 607, 1002, 1003 and 1008 (but only to the extent that any Additional Amounts payable exceed the amount deposited in respect of such Additional Amounts pursuant to Section 1204 below);

(c) the rights, powers, trusts, duties, immunities and indemnities and other provisions in respect of the Trustee hereunder; and

(d) this Article.

Subject to compliance with this Article, the Company may exercise its option under this Section 1202 notwithstanding the prior exercise of its option under Section 1203 with respect to the Securities of such series.

SECTION 1203. *Covenant Defeasance.*

Upon the Company's exercise of the above option applicable to this Section 1203, the Company shall be released from its obligations under Sections 801, 1004, 1102, 501(3) (as to Sections 801 and 1004), 501(6) and 501(7) with respect to the Outstanding Securities of such series on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance").

For this purpose, such covenant defeasance means that, with respect to the Outstanding Securities of such series, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section, whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby. Following a covenant defeasance, payment of the Securities of such series may not be accelerated because of an Event of Default specified above in this Section 1203.

SECTION 1204. *Conditions to Defeasance or Covenant Defeasance.*

The following shall be the conditions to application of either Section 1202 or Section 1203 to the Outstanding Securities of such series.

(a) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 609 who shall agree to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) an amount in Dollars, or (B) Government Securities which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, within two weeks prior to the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, the principal of, the premium, if any, and each installment of interest on the Outstanding Securities of such series on the Stated Maturity of such principal, premium, if any, or interest in accordance with the terms of this Indenture and of such Securities. Before such a deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of any series of Securities at a future date in accordance with any redemption provisions relating to such series, which shall be given effect in applying the foregoing.

(b) No event which is, or which with notice or lapse of time or both would become, an Event of Default with respect to the Securities of such series shall have occurred and be continuing on the date of such deposit.

(c) Such legal defeasance or covenant defeasance shall not cause the Trustee for the Securities of such series to have a conflicting interest for purposes of the Trust Indenture Act with respect to any Securities of the Company.

(d) Such legal defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(e) Such legal defeasance or covenant defeasance shall not cause any Securities of such series then listed on any registered national securities exchange under the Exchange Act to be deleted.

(f) In the case of an election under Section 1202, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date hereof there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Outstanding Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred.

(g) In the case of an election under Section 1203, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(h) Such legal defeasance or covenant defeasance shall be effected in compliance with any additional terms, conditions or limitations which may be imposed on the Company in connection therewith pursuant to Section 301.

(i) The Company shall have delivered to the Trustee an Officer's Certificate or an Opinion of Counsel, stating that all conditions precedent provided for in the Indenture relating to either the legal defeasance under Section 1202 or the covenant defeasance under Section 1203, as the case may be, have been complied with.

SECTION 1205. *Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

Subject to the provisions of the last two paragraphs of Section 1003, all money and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively, for purposes of this Section 1205, the "Trustee") pursuant to Section 1204 in respect of the Outstanding Securities of such series shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (but not including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal, premium, if any, and interest and Additional Amounts, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Securities deposited pursuant to Section 1204 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Securities of such series.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Securities held by it as provided in Section 1204 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance.

SECTION 1206. *Reinstatement.*

If the Trustee or any Paying Agent is unable to apply any money or Government Securities in accordance with Section 1204 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities of a series shall be revived and reinstated as though no deposit had occurred pursuant to Section 1204, until such time as the Trustee or such Paying Agent is permitted to apply all such money or Government Securities in accordance with Sections 1204; *provided* that, if the Company has made any payment of principal of or interest on the Securities of such series because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of the Securities of such series to receive such payment from the money or Government Securities held by the Trustee or such Paying Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, as of the day and year first above written.

COCA-COLA FEMSA, S.A.B. DE C.V.

By: /s/ Héctor Jesús Treviño Gutiérrez
Name: Héctor Jesús Treviño Gutiérrez
Title: Chief Financial Officer

By: /s/ Carlos Luis Díaz Saenz
Name: Carlos Luis Díaz Saenz
Title: General Counsel

THE BANK OF NEW YORK MELLON, as Trustee, Security Registrar, Paying Agent and Transfer Agent

By: /s/ John T. Needham, Jr.
Name: John T. Needham, Jr.
Title: Vice President

Exhibit 2.3

Coca-Cola FEMSA, S.A.B. de C.V.,

as Issuer

and

The Bank of New York Mellon,

as Trustee, Security Registrar, Principal Paying Agent and Transfer Agent

and

The Bank of New York Mellon (Luxembourg) S.A.,

as Luxembourg Paying Agent and Luxembourg Transfer Agent

_____

FIRST SUPPLEMENTAL INDENTURE

Dated as of February 5, 2010

_____

U.S.$500,000,000

4.625% Senior Notes due 2020

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FIRST SUPPLEMENTAL INDENTURE, dated as of February 5, 2010 (this "First Supplemental Indenture"), among Coca-Cola FEMSA, S.A.B. de C.V., a *sociedad anónima bursátil de capital variable* organized and existing under the laws of the United Mexican States ("Mexico") (herein called the "Company"), having its principal office at Guillermo González Camarena No. 600, Col. Centro de Ciudad Santa Fé, Delegación Álvaro Obregón, 01210 México, D.F., México, The Bank of New York Mellon, a corporation duly organized and existing under the laws of the State of New York authorized to conduct a banking business, as Trustee (herein called the "Trustee"), Security Registrar, Principal Paying Agent and Transfer Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent (herein called the "Luxembourg Paying Agent") and Luxembourg Transfer Agent, to the Indenture, dated as of February 5, 2010, between the Company and the Trustee (herein called the "Base Indenture").

W I T N E S S E T H:

WHEREAS, Section 301 of the Base Indenture provides for the issuance from time to time thereunder, in series, of debt Securities of the Company, and Section 901 of the Base Indenture provides for the establishment of the form or terms of Securities issued thereunder through one or more supplemental indentures;

WHEREAS, the Company desires by this First Supplemental Indenture to create a series of Securities to be issued under the Base Indenture, as supplemented by this First Supplemental Indenture, and to be known as the Company's "4.625% Senior Notes due 2020" (the "Notes"), which are to be initially limited in aggregate principal amount as specified in this First Supplemental Indenture and the terms and provisions of which are to be as specified in this First Supplemental Indenture;

WHEREAS, the Company has duly authorized the execution and delivery of this First Supplemental Indenture to establish the Notes as a series of Securities under the Base Indenture and to provide for, among other things, the issuance and form of the Notes and the terms, provisions and conditions thereof, and additional covenants for purposes of the Notes and the Holders thereof; and

WHEREAS, all things necessary to make this First Supplemental Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, for and in consideration of the premises and the purchase and acceptance of the Notes by the Holders thereof and for the purpose of setting forth, as provided in the Base Indenture, the form of the Notes and the terms, provisions and conditions thereof, the Company covenants and agrees with the Trustee and the Luxembourg Paying Agent as follows:

ARTICLE ONE

DEFINITIONS

Section 101. *Provisions of the Base Indenture.*

Except insofar as herein otherwise expressly provided, all the definitions, provisions, terms and conditions of the Base Indenture shall remain in full force and effect. The Base Indenture, as supplemented by this First Supplemental Indenture, is in all respects ratified and confirmed, and the Base Indenture and this First Supplemental Indenture shall be read, taken and considered as one and the same instrument for all purposes and every Holder of Notes authenticated and delivered under this First Supplemental Indenture shall be bound hereby. Notwithstanding any other provision of this Section 101 or the Base Indenture or this First Supplemental Indenture to the contrary, to the extent any provisions of

this First Supplemental Indenture or any Note issued hereunder shall conflict with any provision of the Base Indenture, the provisions of this First Supplemental Indenture or the Note, as applicable, shall govern, including without limitation the provisions of Section 301 of this First Supplemental Indenture.

Section 102. *Definitions.*

For all purposes of this First Supplemental Indenture and the Notes, except as otherwise expressly provided or unless the subject matter or context otherwise requires:

(a) any reference to an "Article" or a "Section" refers to an Article or Section, as the case may be, of this First Supplemental Indenture;

(b) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this First Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;

(c) all terms used in this First Supplemental Indenture that are defined in the Base Indenture have the meanings assigned to them in the Base Indenture;

(d) the term "Securities" as defined in the Base Indenture and as used in any definition therein shall be deemed to include or refer to, as applicable, the Notes; and

(e) the following terms have the meanings given to them in this Section 102(e):

"Agent Member Transferee" has the meaning specified in Section 205(b)(i) hereof.

"Agent Member Transferor" has the meaning specified in Section 205(b)(i) hereof.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Note or beneficial interest therein, the rules and procedures of the Depositary, Euroclear and Clearstream, Luxembourg for such Global Note, in each case to the extent applicable to such transaction and as in effect from time to time.

"Exchange Notes" means the securities with terms substantially identical to the Original Notes (except for the differences provided for in the Registration Rights Agreement) issued pursuant to the Exchange Offer.

"Exchange Offer" means an offer made pursuant to an effective registration statement under the Securities Act by the Company to exchange the Exchange Notes for the Registrable Notes as required by the Registration Rights Agreement.

"Global Note" means a Note that evidences all or part of the Notes and is authenticated and delivered to, and registered in the name of, the Depositary for such Notes or a nominee thereof. Global Notes shall include Restricted Global Notes, Regulation S Global Notes and Unrestricted Global Notes.

"Initial Purchasers" means the initial purchasers of the Notes listed on Schedule 1 to the Purchase Agreement.

"Interest Payment Date" means each February 15 and August 15, commencing on August 15, 2010.

"Interest Period" means the period from and including the most recent Interest Payment Date to which interest has been paid or duly made available for payment (or February 5, 2010 if no interest has been paid or been duly made available for payment) to, but excluding, the next succeeding Interest Payment Date or until the Stated Maturity of the Notes, as the case may be.

"Original Notes" means all Notes (including any additional notes issued pursuant to Section 201(b) hereof) other than Exchange Notes.

"Owner Transferee" has the meaning specified in Section 205(b)(i) hereof.

"Owner Transferor" has the meaning specified in Section 205(b)(i) hereof.

"Permitted Holder" means, at any time, any Person who, at such time, is the Holder of at least U.S.$5,000,000 in aggregate principal amount of Notes in certificated form.

"Predecessor Note" means, with respect to any particular Note, every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 305 of the Base Indenture in exchange for or in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Purchase Agreement" means the Purchase Agreement, dated February 2, 2010, between the Company and the Initial Purchasers.

"Qualified Institutional Buyer" means a "qualified institutional buyer" as defined in Rule 144A.

"Registered Notes" means the Exchange Notes and all other Notes sold or otherwise disposed of pursuant to an effective registration statement under the Securities Act.

"Registrable Notes" has the meaning assigned to it in the Registration Rights Agreement.

"Registration Default" means the occurrence of any of the events set forth in Section 2(e) of the Registration Rights Agreement which gives rise to an obligation on the part of the Company to pay additional interest on the Notes in accordance therewith.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date hereof, between the Company and the Initial Purchasers, as such agreement may be amended from time to time.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Note" has the meaning specified in Section 203 hereof.

"Restricted Global Note" has the meaning specified in Section 203 hereof.

"Restricted Global Transferred Amount" has the meaning specified in Section 205(b)(i) hereof.

"Restricted Note" means a Note initially offered and sold in a transaction exempt from or not subject to the registration requirements of the Securities Act (including, without limitation, under Rule 144A or Regulation S).

"Restrictive Legend" has the meaning specified in Section 205(a) hereof.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144" means Rule 144 under the Securities Act.

"Transfer Restrictions" has the meaning specified in Section 205(a) hereof.

"Unrestricted Global Note" means a Restricted Note in the form of a Global Note with respect to which the Restrictive Legend has been removed pursuant to Section 205(a) hereof.

ARTICLE TWO

GENERAL TERMS AND CONDITIONS OF THE NOTES

Section 201. *Designation, Principal Amount and Interest Rate.*

(a) There is hereby authorized and established a series of Securities designated the "4.625% Senior Notes due 2020," initially in an aggregate principal amount of U.S.$500,000,000 (which amount does not include Notes authenticated and delivered upon registration of transfer of, in exchange for, or in lieu of, other Securities of such series pursuant to Sections 304, 305, 306, 906 or 1105 of the Base Indenture), which amount shall be specified in the Company Order for the authentication and delivery of Notes pursuant to Section 303 of the Base Indenture. The principal of the Notes shall be due and payable at their Stated Maturity.

(b) The Company may, from time to time and without the consent of the Holders, issue additional notes on terms and conditions identical to those of the Notes (except for issue date, issue price and the date from which interest shall accrue and, if applicable, first be paid), which additional notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the Notes.

(c) The Company may issue Exchange Notes pursuant to an Exchange Offer upon delivery of a Company Order to the Trustee and, subject to Section 303 of the Base Indenture, in authorized denominations in exchange for a like principal amount of the Original Notes. Upon any such exchange of Original Notes, the Original Notes so exchanged shall be canceled in accordance with Section 308 of the Base Indenture and shall no longer be deemed Outstanding for any purpose. The Original Notes and any Exchange Notes shall vote and consent together on all matters as one class and none of the Original Notes nor the Exchange Notes shall have the right to vote or consent as a class separate from one another on any matter.

(d) The Stated Maturity of the Notes shall be February 15, 2020, and they shall bear interest at the rate of 4.625% per annum from February 5, 2010 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, payable semi-annually in arrears on February 15 and August 15, commencing on August 15, 2010, until the principal thereof is paid or made

available for payment on or prior to the Stated Maturity of the Notes; *provided, however*, that, with respect to any Registrable Notes, if a Registration Default occurs, such Registrable Notes shall bear additional interest as a result thereof (at an incremental rate per annum of 0.50%), as liquidated damages and not as a penalty, from the day such Registration Default occurs to the first day thereafter that no Registration Default is continuing, all in accordance with the provisions of the Registration Rights Agreement, payable on each Interest Payment Date commencing on the first Interest Payment Date after the day on which such Registration Default occurs; and *provided, further*, that any amount of interest on any Note which is overdue shall bear interest (to the extent that payment thereof shall be legally enforceable) at the rate per annum then borne by such Note from the date such amount is due to the day it is paid or made available for payment, and such overdue interest shall be paid as provided in Section 306 of the Base Indenture.

(e) In the event the Company is required to pay additional interest as a result of a Registration Default, the Company will provide written notice to the Trustee of the Company's obligation to pay additional interest no later than 15 days prior to the next succeeding Interest Payment Date, which notice shall set forth the aggregate amount of additional interest to be paid by the Company. The Trustee shall not at any time be under any duty or responsibility to any Holder to determine whether any Notes are Registrable Notes, whether a Registration Default has occurred or is continuing or whether any additional interest is payable or the amount thereof.

Section 202. *Denominations.*

The Notes shall be issued only in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof.

Section 203. *Forms Generally.*

The Notes shall be in substantially the forms set forth in this Section 203 with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this First Supplemental Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution thereof; *provided* that if any Notes are issued in certificated and not global form, such Notes shall be in substantially the form set forth in this Section 203, but shall not contain the legends relating to Global Notes or the "Schedule of Increases or Decreases in Global Note."

Upon their original issuance, Notes offered and sold to Qualified Institutional Buyers in accordance with Rule 144A shall be issued in the form of one or more Global Notes in definitive, fully registered form, without coupons, substantially in the form set forth in this Section 203 with such applicable legends as provided herein (each, a "Restricted Global Note"). Such Restricted Global Notes shall be registered in the name of the Depositary, or its nominee, and deposited with The Bank of New York Mellon, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate amount of any Restricted Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, as provided in Section 205 hereof.

Upon their original issuance, Notes offered and sold in reliance on Regulation S shall be issued in the form of one or more Global Notes in definitive, fully registered form, without coupons, substantially in the form set forth in this Section 203, with such applicable legends as provided herein (each, a

"Regulation S Global Note"). Such Regulation S Global Notes shall be registered in the name of the Depositary, or its nominee, and deposited with The Bank of New York Mellon, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as herein provided. The aggregate principal amount of any Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, as provided in Section 205 hereof.

For all purposes of this First Supplemental Indenture, the term "Restricted Note" shall include all Notes issued upon registration or transfer of, in exchange for or in lieu of, another Restricted Note except as otherwise provided in Section 205 hereof.

(a) *Form of Face of Note.*

[RESTRICTED GLOBAL NOTE][REGULATION S GLOBAL NOTE]

[**INCLUDE IF NOTE IS A GLOBAL NOTE** -- THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO, AS SUPPLEMENTED BY THE FIRST SUPPLEMENTAL INDENTURE HEREINAFTER REFERRED TO, AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY, WHICH MAY BE TREATED BY COCA-COLA FEMSA, S.A.B. DE C.V., THE TRUSTEE AND ANY AGENT THEREOF AS OWNER AND HOLDER OF THIS NOTE FOR ALL PURPOSES.]

[**INCLUDE IF NOTE IS A GLOBAL NOTE AND THE DEPOSITARY IS THE DEPOSITORY TRUST COMPANY**-- UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO COCA-COLA FEMSA, S.A.B. DE C.V. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR REGISTERED NOTES IN DEFINITIVE REGISTERED FORM IN THE LIMITED CIRCUMSTANCES REFERRED TO IN THE INDENTURE, AS SUPPLEMENTED BY THE FIRST SUPPLEMENTAL INDENTURE, THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.]

[**INCLUDE IF NOTE IS A RESTRICTED NOTE (UNLESS, PURSUANT TO SECTION 205 OF THE FIRST SUPPLEMENTAL INDENTURE, THE COMPANY DETERMINES AND CERTIFIES TO THE TRUSTEE THAT THE LEGEND MAY BE REMOVED) --** NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER

THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. AS A CONDITION TO REGISTRATION OF TRANSFER OF THIS GLOBAL NOTE IN ACCORDANCE WITH CLAUSE (3) ABOVE, COCA-COLA FEMSA, S.A.B. DE C.V. OR THE TRUSTEE MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE THAT COCA-COLA FEMSA, S.A.B. DE C.V., IN ITS DISCRETION, DEEMS NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH THE EXEMPTION REFERRED TO IN SUCH CLAUSE (3), AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF THE COMPANY.]

Coca-Cola FEMSA, S.A.B. de C.V.

4.625% Senior Notes due 2020

No. U.S.$

[***If Restricted Global Note*** — CUSIP Number: 191241 AC2 / ISIN: US191241AC28]
[***If Regulation S Global Note*** — CUSIP Number: P2861Y AH5 / ISIN: USP2861YAH55 / Common Code: 048578080]

Coca-Cola FEMSA, S.A.B. de C.V., a *sociedad anónima bursátil de capital variable* organized and existing under the laws of Mexico (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to , or registered assigns, the principal sum of Dollars as revised by the Schedule of Increases and Decreases in Global Note attached hereto on February 15, 2020 (unless earlier redeemed, in which case, on the applicable Redemption Date) and to pay interest thereon from February 5, 2010 or from the most recent Interest Payment Date to which interest has been paid or duly provided for semi-annually on February 15 and August 15 of each year, commencing on August 15, 2010, and at the Maturity thereof, at the rate of 4.625% per annum, until the principal hereof is paid or made available for payment; *provided* [*if the Note is a Registrable Note, insert* — that, upon the occurrence of a Registration Default, the per annum interest rate borne by this Note shall increase by adding 0.50% thereto, as liquidated damages and not as a penalty, for the period from the first day on which such Registration Default occurs to the first day thereafter until no Registration Default is continuing, all in accordance with the provisions of the Registration Rights Agreement, and in which case the Company shall provide notice to the Trustee of the aggregate amount of additional interest so payable in accordance with the First Supplemental Indenture, and shall cause the Trustee to provide appropriate notice thereof to the Holder of this Note; and *provided, further*,] that any amount of interest on this Note which is overdue shall bear

interest (to the extent that payment of such interest shall be legally enforceable) at the rate per annum then borne by this Note from the date such amount is due to the day it is paid or made available for payment, and such overdue interest shall be paid as provided in Section 306 of the Base Indenture.

Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the February 1 and August 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date [*if the Note is a Registrable Note, insert* —; *provided* that any accrued and unpaid interest (including additional interest as a result of any Registration Default, if applicable) on this Note upon the issuance of an Exchange Note in exchange for this Note shall cease to be payable to the Holder hereof and shall be payable instead on the next Interest Payment Date for such Exchange Note to the Holder thereof on the related Regular Record Date]. Any such interest not so punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Holder on the relevant Regular Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of this Note not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Note may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of and interest on this Note shall be made at the office of the Trustee or agency of the Company in the Borough of Manhattan, The City of New York, New York and, if and for so long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF, at the office of the Luxembourg Paying Agent, in each case maintained for such purpose and at any other office or agency maintained by the Company for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, against surrender of this Note in the case of any payment due at the Maturity of the principal thereof; *provided, however*, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; and *provided, further*, that all payments of the principal of and interest on this Note, the Permitted Holders of which have given wire transfer instructions to the Trustee in writing, the Company, or its agent at least 10 Business Days prior to the applicable payment date, shall be required to be made by wire transfer of immediately available funds to the accounts specified by such Permitted Holders in such instructions. [*If the Note is a Global Note, insert* — Notwithstanding the foregoing, payment of any amount payable in respect of a Global Note shall be made in accordance with the Applicable Procedures of the Depositary.]

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

COCA-COLA FEMSA, S.A.B. DE C.V.

By: _____
Name:
Title:

(b) *Form of Reverse of Note.*

This Note is one of a duly authorized issue of securities of the Company (herein collectively called the "Notes"), issued under an Indenture, dated as of February 5, 2010 (herein called the "Base Indenture"), between the Company and The Bank of New York Mellon, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), Security Registrar, Paying Agent and Transfer Agent, as supplemented by the First Supplemental Indenture, dated as of February 5, 2010 (herein called the "First Supplemental Indenture" and, together with the Base Indenture, the "Indenture"), among the Company, the Trustee and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Luxembourg Transfer Agent, and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof.

Additional notes on terms and conditions identical to those of this Note (except for issue date, issue price and the date from which interest shall accrue and, if applicable, first be paid) may be issued by the Company without the consent of the Holders of the Notes. The amount evidenced by such additional notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the Notes, in which case the Schedule of Increases and Decreases in Global Note attached hereto will be correspondingly adjusted.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Note shall not be a Business Day, then (notwithstanding any other provision of the Indenture or of the Notes) payment of principal and premium, if any, or interest need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date or at the Stated Maturity, as the case may be; *provided* that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

In the event of redemption of this Note in part only, a new Note or Notes of this series and of like tenor for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default with respect to Notes shall occur and be continuing, the principal of all of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Company shall pay to Holders of the Notes all additional amounts ("Additional Amounts") that may be necessary so that every net payment of interest or principal to the Holder will not be less than the amount provided for in the Notes. For purposes of the preceding sentence, "net payment" means the amount that the Company or any Paying Agent will pay the Holder after the Company deducts or withholds an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment (or the payment of such Additional Amounts) by the taxing authority of Mexico or any other country under whose laws the Company is organized at the time of payment, except for the United States (each, a "Taxing Jurisdiction"). Notwithstanding the foregoing, the Company shall not be obligated to pay Additional Amounts to any Holder for or on account of any of the following:

(i) any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the Holder and the Taxing Jurisdiction (other than the mere receipt of a payment, the ownership or holding of a Note or the enforcement of rights with respect to a Note);

(ii) any estate, inheritance, gift, sales, transfer, personal property or other similar tax, assessment or other governmental charge imposed with respect to a Note;

(iii) any taxes, duties, assessments or other governmental charges imposed solely because the Holder or any other Person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Taxing Jurisdiction of the Holder or any beneficial owner of a Note if compliance is required by law, regulation or by an applicable income tax treaty to which such Taxing Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and the Company has given the Holders at least 30 days' written notice prior to the first payment date with respect to which such certification, identification or reporting requirement is required to the effect that Holders will be required to provide such information and identification;

(iv) any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on a Note;

(v) any taxes, duties, assessments or other governmental charges with respect to a Note presented for payment more than 15 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to Holders, whichever occurs later, except to the extent that the Holder of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 15-day period;

(vi) any payment on a Note to a Holder that is a fiduciary or partnership or a Person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the Holder of such Note; and

(vii) any tax, duty, assessment or governmental charge imposed on payment to an individual and required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings.

Notwithstanding the foregoing, the limitations on the Company's obligation to pay Additional Amounts set forth in clause (iii) above will not apply if the provision of information, documentation or other evidence described in such clause (iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under United States tax law, regulations (including proposed regulations) and administrative practice. In addition, the limitations on the Company's obligations to pay Additional Amounts set forth in clause (iii) above also will not apply with respect to any Mexican withholding taxes unless (a) the provision of the information, documentation or other evidence described in such clause (iii) is expressly required by the applicable Mexican regulations, (b) the Company cannot obtain the information, documentation or other evidence necessary to comply with the applicable Mexican regulations on its own through reasonable diligence and (c) the Company otherwise would meet the requirements for application of the applicable Mexican regulations. In addition, clause (iii) above shall not be construed to require that any Person that is not a resident of Mexico for tax purposes, including any non-Mexican pension fund, retirement fund or financial institution, register with the Ministry of Finance and Public Credit to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

The Company shall remit the full amount of any taxes withheld to the applicable taxing authorities in accordance with applicable law of the Taxing Jurisdiction. The Company shall also provide the Trustee with documentation (which may consist of copies of such documentation) reasonably satisfactory to the Trustee evidencing the payment of taxes in respect of which the Company has paid any Additional Amount. The Company shall provide copies of such documentation to the Holders of the Notes or the relevant Paying Agent upon request.

The Company shall pay all stamp, issue, registration, documentary or other similar duties, if any, which may be imposed by Mexico or any governmental entity or political subdivision therein or thereof, or any taxing authority of or in any of the foregoing, with respect to the Indenture or the issuance of the Notes.

All references herein and in the Indenture to principal, premium, if any, or interest or any other amount payable in respect of any Note shall be deemed to mean and include all Additional Amounts, if any, payable in respect of such principal, premium, if any, or interest or other amount payable, unless the context otherwise requires, and express mention of the payment of Additional Amounts in any provision hereof shall not be construed as excluding reference to Additional Amounts in those provisions hereof where such express mention is not made.

In the event that Additional Amounts actually paid with respect to the Notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the Holder of such Notes, and, as a result thereof such Holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such Holder shall, by accepting such Notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Company. However, by making such assignment, the Holder makes no representation or warranty that the Company will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

All references herein and in the Indenture to principal in respect of any Note shall be deemed to mean and include any Redemption Price payable in respect of such Note pursuant to any redemption right hereunder or under the Indenture (and all such references to the Stated Maturity of the principal in respect of any Note shall be deemed to mean and include the Redemption Date with respect to any such Redemption Price), and all such references to principal, premium, if any, interest or Additional Amounts shall be deemed to mean and include any amount payable in respect of this Note pursuant to Section 1009 of the Base Indenture, and express mention of the payment of any Redemption Price or any such other amount in those provisions hereof where such express reference is not made.

The Company may, at its option, redeem the Notes upon not less than 30 nor more than 60 days' written notice, at any time:

(i) in whole but not in part, at a Redemption Price equal to the sum of (A) 100% of the principal amount of the Notes, (B) accrued and unpaid interest on the principal amount of the Notes to the Redemption Date and (C) any Additional Amounts which would otherwise be payable thereon to the Redemption Date, solely if,

(1) as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Mexico, or any political subdivision or taxing authority thereof or therein affecting taxation, any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after February 2, 2010, the Company would be obligated on the next succeeding Interest Payment Date, after taking such measures as the Company may consider reasonable to avoid this requirement, to pay Additional Amounts in excess of those attributable to a withholding tax rate of 4.9%; or

(2) in the event that the Company is organized under the laws of any Taxing Jurisdiction other than Mexico (the date on which the Company becomes subject to any such Taxing Jurisdiction, the "Succession Date"), and as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of such Taxing Jurisdiction, or any political subdivision or taxing authority thereof or therein affecting taxation, any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective after the Succession Date, the Company would be obligated on the next succeeding Interest Payment Date, after taking such measures as the Company may consider reasonable to avoid this requirement, to pay Additional Amounts in excess of those attributable to any withholding tax rate imposed by such Taxing Jurisdiction as of the Succession Date with respect to the Notes;

provided, however, that (x) no notice of redemption pursuant to this clause (i) may be given earlier than 90 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts if a payment on the Notes were then due and (y) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect; and

(ii) in whole or in part, at a Redemption Price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points, plus, in the case of (1) and (2), accrued and unpaid interest on the principal amount of such Notes to the Redemption Date.

For purposes of clause (ii) above, the following terms shall have the specified meanings:

"Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date, (1) the average of the Reference Treasury Dealer Quotations quoted to an entity selected by the Company for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations or (2) if such entity is quoted fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means each of Banc of America Securities LLC and Goldman, Sachs & Co. or their respective Affiliates which are primary United States government securities dealers and two other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided, however*, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by an entity selected by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such entity by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the third Business Day preceding such Redemption Date.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Notes at the time Outstanding. The Indenture also contains provisions (i) permitting the Holders of a majority in principal amount of the Notes at the time Outstanding, on behalf of the Holders of all Notes, to waive compliance by the Company with certain provisions of the Indenture and (ii) permitting the Holders of a majority in principal amount of the Notes at the time Outstanding, on behalf of the Holders of all Notes, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in and subject to the provisions of the Indenture, the Holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Notes, the Holders of not less than 25% in principal amount of the Notes at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity satisfactory to it, and the Trustee shall not have received from the Holders of a majority in principal amount of Notes at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Note for the enforcement of any payment of principal hereof or premium, if any, and/or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth (including, without limitation, the restrictions on transfer under Section 202 of the First Supplemental Indenture and Sections 202 and 304 of the Base Indenture), the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office of any Transfer Agent, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Transfer Agent duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, shall be issued to the designated transferee or transferees.

The provisions of Article Twelve of the Base Indenture shall apply to the Notes.

The Notes are issuable only in registered form without coupons in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee, any Agent and any other agent of the Company or of the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note is overdue, and neither the Company, the Trustee, any Agent nor any such other agent shall be affected by notice to the contrary.

This Note is a Global Note and is subject to the provisions of the Indenture relating to Global Securities, including the limitations in Section 203 of the First Supplemental Indenture and Sections 202 and 304 of the Base Indenture on transfers and exchanges of Global Notes.

This Note and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT—_____ (Cust)
TEN ENT - as tenants by the entireties	Custodian _____ (Minor) under Uniform
JT TEN - as joint tenants with right of survivorship and not as tenants in common	Gifts to Minors Act _____ (State)

Additional abbreviations may also be used
though not in the above list.

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

Date of Transfer or Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Note Custodian

Section 204. *Form of Trustee's Certificate of Authentication*

The Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Notes referred to in the within mentioned Indenture.

Dated:

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Signatory

Section 205. *Transfers and Exchanges*

(a) *Restricted Notes*. Restricted Notes shall be subject to the restrictions on transfer (the "Transfer Restrictions") provided in the legend (the "Restrictive Legend") required to be set forth on the face of each Restricted Note pursuant to Section 203, unless compliance with the Transfer Restrictions shall be waived by the Company in writing delivered to the Trustee.

Subject to the following paragraph, the Transfer Restrictions shall cease and terminate with respect to any particular Restricted Note, and the Restrictive Legend shall be removed from such Restricted Note, in the Company's sole discretion and upon delivery of a Company Order by the Company to the Trustee upon receipt by the Company of evidence satisfactory to it that, as of the date of determination, such Restricted Note has been transferred by the Holder (a) pursuant to an exemption from registration under the Securities Act (if available) or (b) pursuant to an effective registration statement under the Securities Act. In the case of clause (a), the Company or the Trustee may require the delivery of any documents or other evidence (including, without limitation, an Opinion of Counsel experienced in matters of United States federal securities laws) that the Company, in its sole discretion, deems necessary or appropriate to evidence compliance with any such exemption. All references in the preceding sentence to any regulation, rule or provision thereof shall be deemed also to refer to any successor provisions thereof. In addition, the Company may terminate the Transfer Restrictions with respect to, and remove the Restrictive Legend from, any particular Restricted Note in such other circumstances as it determines are appropriate for this purpose and shall deliver to the Trustee an Opinion of Counsel, if any, and an Officer's Certificate certifying that the Transfer Restrictions have ceased and terminated with respect to such Note.

Notwithstanding the preceding paragraph, the Company may, in its sole discretion, terminate the Transfer Restrictions with respect to, and instruct the Trustee by Company Order to remove the Restrictive Legend from, any Restricted Global Note or any Regulation S Global Note after determining that such Restricted Legend is no longer required under applicable securities laws (which determination

shall be set forth in such Company Order), in each case without delivering an Officer's Certificate or Opinion of Counsel to the Trustee.

At the request of the Holder and upon the surrender of such Restricted Note to the Trustee or Security Registrar for exchange in accordance with the provisions of this Section 205, any Restricted Note as to which the Transfer Restrictions shall have terminated in accordance with the preceding paragraphs shall be exchanged for a new Note of like aggregate principal amount, but without the Restrictive Legend. Any Restricted Note as to which the Restrictive Legend shall have been removed pursuant to this paragraph (and any Note issued upon registration of transfer of, exchange for or in lieu of such Restricted Note) shall thereupon cease to be a "Restricted Note" for all purposes of this First Supplemental Indenture.

The Company shall notify the Trustee in writing of the effective date of any registration statement registering any Restricted Note under the Securities Act and shall ensure that any Opinion of Counsel received by it in connection with the removal of any Restrictive Legend is also addressed to the Trustee. The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and without negligence on its part in accordance with such notice or any Opinion of Counsel.

As used in this Section 205(a), the term "transfer" encompasses any sale, pledge, transfer or other disposition of any Notes referred to herein.

(b) *Transfers Between Global Notes*

(i) *Restricted Global Note to Regulation S Global Note*. If the owner of a beneficial interest (an "Owner Transferor") in a Restricted Global Note wishes at any time to transfer such beneficial interest to a Person (an "Owner Transferee") who wishes to take delivery thereof in the form of a beneficial interest in a Regulation S Global Note, such transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 205(b)(i). Upon receipt by a Transfer Agent of (l) written instructions given in accordance with the Applicable Procedures from the Agent Member, whose account is to be debited (an "Agent Member Transferor") with respect to the Restricted Global Note, directing the Trustee to credit or cause to be credited to a specified account of another Agent Member (an "Agent Member Transferee") (which shall be an account of Euroclear or Clearstream, Luxembourg or both) a beneficial interest in a Regulation S Global Note in a principal amount equal to the beneficial interest in the Restricted Global Note to be so transferred (the "Restricted Global Transferred Amount"), (2) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member Transferee to be credited with, and the Agent Member Transferor to be debited by, the Restricted Global Transferred Amount, and (3) a certificate in substantially the form set forth in Annex A hereto given by the Owner Transferor, the Trustee shall instruct the Depositary to reduce the principal amount of the Restricted Global Note, and to increase the principal amount of the Regulation S Global Note, by the Restricted Global Transferred Amount, and to credit, or cause to be credited to, the account of the Agent Member Transferee a beneficial interest in the Regulation S Global Note, and to debit, or cause to be debited to, the account of the Agent Member Transferor a beneficial interest in the Restricted Global Note, in each case having a principal amount equal to the Restricted Global Transferred Amount.

(ii) *Restricted Global Note to Unrestricted Global Note*. If an Owner Transferor wishes at any time to transfer a beneficial interest in a Restricted Global Note to an Owner

Transferee who wishes to take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 205(b)(ii). Upon receipt by a Transfer Agent of (l) written instructions given in accordance with the Applicable Procedures from the Agent Member Transferor directing the Trustee, to credit or cause to be credited to a specified account of an Agent Member Transferee (which may but need not be an account of Euroclear or Clearstream, Luxembourg) a beneficial interest in the Unrestricted Global Note in a principal amount equal to the Restricted Global Transferred Amount, (2) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member Transferee to be credited with, and the account of the Agent Member Transferor to be debited for, the Restricted Global Transferred Amount, and (3) a certificate in substantially the form set forth in Annex B hereto given by the Owner Transferor, the Trustee shall instruct the Depositary to reduce the principal amount of the Restricted Global Note, and to increase the principal amount of the Unrestricted Global Note, by the Restricted Global Transferred Amount, and to credit, or cause to be credited to, the account of the Agent Member Transferee a beneficial interest in the Unrestricted Global Note, and to debit, or cause to be debited to, the account of the Agent Member Transferor a beneficial interest in the Restricted Global Note, in each case having a principal amount equal to the Restricted Global Transferred Amount.

(iii) *Regulation S Global Note or Unrestricted Global Note to Restricted Global Note.* If an Owner Transferor wishes at any time to transfer a beneficial interest in a Regulation S Global Note or an Unrestricted Global Note to an Owner Transferee who wishes to take delivery thereof in the form of a beneficial interest in a Restricted Global Note, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 205(b)(iii). Upon receipt by a Transfer Agent of (1) written instructions given in accordance with the Applicable Procedures from the Agent Member Transferor, directing the Trustee to credit, or cause to be credited to, a specified account of an Agent Member Transferee a beneficial interest in the Restricted Global Note in a principal amount equal to that of the beneficial interest in the Regulation S Global Note or Unrestricted Global Note to be so transferred, (2) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member Transferee to be credited with, and the account of the Agent Member Transferor (which, in the case of a beneficial interest in the Regulation S Global Note, must be an account of Euroclear or Clearstream, Luxembourg or both) to be debited for, such beneficial interest, and (3) with respect to a transfer of a beneficial interest in the Regulation S Global Note (but not the Unrestricted Global Note), a certificate in substantially the form set forth in Annex C hereto given by the Owner Transferor, the Trustee shall instruct the Depositary to reduce the principal amount of the Regulation S Global Note or Unrestricted Global Note, as the case may be, and increase the principal amount of the Restricted Global Note, by the principal amount of the beneficial interest in the Regulation S Global Note or Unrestricted Global Note to be so transferred, and to credit, or cause to be credited to, the account of the Agent Member Transferee such beneficial interest in the Restricted Global Note, and to debit, or cause to be debited to, the account of the Agent Member Transferor such beneficial interest in the Regulation S Global Note or Unrestricted Global Note, as the case may be.

(c) *Other Transfers*. In case of any transfer or exchange the procedures and requirements for which are not addressed in detail in this Section 205 (including, without limitation, transfers or exchanges of any Notes issued in certificated form), such transfer or exchange shall be subject to such procedures and requirements as may be reasonably prescribed by the Company and the Trustee from time to time and, in the case of a transfer or exchange invoking a Global Note, the Applicable Procedures.

(d) Notwithstanding the foregoing, during the period of one year after the date of this Supplemental Indenture, the Company shall not, and shall not permit any of its Affiliates that are Subsidiaries to, purchase or agree to purchase or otherwise acquire a Restricted Note, whether as beneficial owner or otherwise (except as agent on behalf of and for the account of customers in the ordinary course of business as a securities broker in unsolicited broker's transactions) unless, immediately upon any such purchase, the Company or any such Affiliate shall submit such Restricted Note to the Trustee for cancellation. The Company further agrees to ask its Affiliates that are not Subsidiaries to agree not to purchase or otherwise acquire a Restricted Note, whether as beneficial owner or otherwise, except as permitted in the preceding sentence.

Section 206. *Maintenance of Office or Agency*

(a) With respect to any Notes that are not in the form of a Global Note, the Company shall maintain in the Borough of Manhattan, New York an office or agency, in each case, in accordance with Section 1002 of the Base Indenture.

(b) If and for so long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF, the Company shall maintain pursuant to Section 1002 of the Base Indenture an office or agency in Luxembourg where the Notes may be presented or surrendered for payment, where the Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and the Indenture may be served. The Company has initially appointed The Bank of New York Mellon (Luxembourg) S.A. as the Paying Agent and the Transfer Agent in Luxembourg with respect to the Notes. The Bank of New York Mellon (Luxembourg) S.A. has its main offices at Aerogolf Center, 1A Hoehenhof, L- 1736 Senningerberg, Luxembourg.

(c) If for any reason The Bank of New York Mellon (Luxembourg) S.A. shall not continue as the Luxembourg Paying Agent or Transfer Agent in Luxembourg with respect to the Notes and the Notes admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF, the Company shall appoint a substitute Luxembourg Paying Agent or Transfer Agent in Luxembourg, in accordance with the rules then in effect of the Luxembourg Stock Exchange and the provisions of the Indenture and the Notes. Following the appointment of a substitute Luxembourg Paying Agent or agent in Luxembourg, the Company shall give the Holders of the Notes notice of such appointment pursuant to Section 106 of the Base Indenture.

(d) To the extent that the Luxembourg Paying Agent is obliged to withhold or deduct tax on payments of interest or similar income, the Company shall, to the extent permitted by law, ensure that it maintains an additional Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive on the taxation of savings implementing the conclusions of the European Council of Economic and Finance Ministers (ECOFIN) meeting of June 3, 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Section 207. *Euro MTF Listing*

The Company shall use its reasonable best efforts to have the Notes admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF.

ARTICLE THREE

MISCELLANEOUS PROVISIONS

Section 301. *Consent to Service; Jurisdiction*

Each party hereto agrees that any legal suit, action or proceeding arising out of or relating to this First Supplemental Indenture, the Base Indenture or the Notes may be instituted in any federal or state court in the Borough of Manhattan, The City of New York, New York and in the courts of its own corporate domicile, in respect of actions brought against each such party as a defendant, and each waives any objection which it may now or hereafter have to the laying of the venue of any such legal suit, action or proceeding, waives any immunity from jurisdiction or to service of process in respect of any such suit, action or proceeding, waives any right to which it may be entitled on account of place of residence or domicile, and irrevocably submits to the jurisdiction of any such court in any such suit, action or proceeding. The Company hereby designates and appoints CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, New York 10011, as its authorized agent upon which process may be served in any legal suit, action or proceeding arising out of or relating to this First Supplemental Indenture or the Notes which may be instituted in any federal or state court in the Borough of Manhattan, The City of New York, New York, and agrees that service of process upon such agent shall be deemed in every respect effective service of process upon the Company in any such suit, action or proceeding and further designates its domicile, the domicile of CT Corporation System specified above and any domicile CT Corporation System may have in the future as its domicile to receive any notice hereunder (including service of process). If for any reason CT Corporation System (or any successor agent for this purpose) shall cease to act as agent for service of process as provided above, the Company will promptly appoint a successor agent for this purpose reasonably acceptable to the Trustee. The Company agrees to take any and all actions as may be necessary to maintain such designation and appointment of such agent in full force and effect.

Section 302. *Governing Law; Waiver of Jury Trial*

(a) **THIS FIRST SUPPLEMENTAL INDENTURE AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

(b) EACH OF THE PARTIES HERETO (EXCEPT, FOR THE AVOIDANCE OF DOUBT, THE HOLDERS OF THE NOTES) HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE BASE INDENTURE, THIS FIRST SUPPLEMENTAL INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 303. *Separability of Invalid Provisions*

In case any one or more of the provisions contained in this First Supplemental Indenture should be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions contained in this First Supplemental Indenture, and to the extent and only to the extent that any such provision is invalid, illegal or unenforceable, this First Supplemental Indenture shall be construed as if such provision had never been contained herein.

Section 304. *Execution in Counterparts*

This First Supplemental Indenture may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

Section 305. *Certain Matters*

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed on their respective behalves, all as of the day and year first written above.

COCA-COLA FEMSA, S.A.B. DE C.V.,
as Issuer

By: /s/ Héctor Jesús Treviño Gutiérrez
Name: Héctor Jesús Treviño Gutiérrez
Title: Chief Financial Officer

By: /s/ Carlos Luis Díaz Saenz
Name: Carlos Luis Díaz Saenz
Title: General Counsel

THE BANK OF NEW YORK MELLON,
as Trustee, Security Registrar, Principal Paying Agent and Transfer Agent

By: /s/ John T. Needham, Jr.
Name: John T. Needham, Jr.
Title: Vice President

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.,
as Luxembourg Paying Agent and Luxembourg Transfer Agent

By: /s/ John T. Needham, Jr.
Name: John T. Needham, Jr.
Title: Attorney-in-fact

ANNEX A

FORM OF TRANSFER CERTIFICATE
FOR TRANSFER FROM RESTRICTED GLOBAL
NOTE TO REGULATION S GLOBAL NOTE
(Transfers pursuant to § 205(b)(i)
of the First Supplemental Indenture)

The Bank of New York Mellon,
as Trustee

Re: 4.625% Senior Notes due 2020 of
Coca-Cola FEMSA, S.A.B. de C.V. (the "Notes")

Reference is hereby made to the First Supplemental Indenture, dated as of February 5, 2010 (the "First Supplemental Indenture"), among Coca-Cola FEMSA, S.A.B. de C.V., as Issuer (the "Issuer"), The Bank of New York Mellon, as Trustee (the "Trustee"), Security Registrar and Principal Paying Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent, to the Indenture dated as of February 5, 2010 among the Issuer and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the First Supplemental Indenture.

This letter relates to U.S.$ principal amount of Notes which are evidenced by one or more Restricted Global Notes (CUSIP No. 191241 AC2; ISIN US181241AC28) and held with the Depositary in the name of [INSERT NAME OF TRANSFEROR] (the "Transferor"). The Transferor has requested a transfer of such beneficial interest in the Notes to a Person who shall take delivery thereof in the form of an equal principal amount of Notes evidenced by one or more Regulation S Global Notes (CUSIP No. P2861Y AH5; Common Code 048578080; ISIN USP2861YAH55), which amount, immediately after such transfer, is to be held with the Depositary.

In connection with such request and in respect of such Notes, the Transferor does hereby certify that such transfer has been effected pursuant to and in accordance with either (i) Rule 903 or Rule 904 (as applicable) under the Securities Act, or (ii) Rule 144, and accordingly the Transferor does hereby further certify that:

(i) If the transfer is being effected pursuant to Rule 903 and Rule 904:

(1) the offer of the Notes was not made to a Person in the United States;

(2) either:

(A) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any Person acting on its behalf reasonably believed that the transferee was outside the United States, or

(B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any Person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulations S, as applicable;

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(5) upon completion of the transaction, the beneficial interest being transferred as described above is to be held with the Depositary through Euroclear or Clearstream, Luxembourg or both.

(ii) If the transfer is being effected pursuant to Rule 144, the Notes are being transferred in a transaction permitted by Rule 144.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the initial purchasers, if any, of the initial offering of such Notes being transferred. Terms used in this certificate and not otherwise defined in the First Supplemental Indenture have the meanings set forth in Regulation S or Rule 144.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated:

cc: Coca-Cola FEMSA, S.A.B. de C.V.

ANNEX B

FORM OF TRANSFER CERTIFICATE
FOR TRANSFER FROM RESTRICTED GLOBAL
NOTE TO UNRESTRICTED GLOBAL NOTE
(Transfers Pursuant to § 205(b)(ii)
of the First Supplemental Indenture)

The Bank of New York Mellon,
as Trustee

Re: 4.625% Senior Notes due 2020 of
Coca-Cola FEMSA, S.A.B. de C.V. (the "Notes")

Reference is hereby made to the First Supplemental Indenture, dated as of February 5, 2010 (the "First Supplemental Indenture"), among Coca-Cola FEMSA, S.A.B. de C.V., as Issuer (the "Issuer"), The Bank of New York Mellon, as Trustee (the "Trustee"), Security Registrar and Principal Paying Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent, to the Indenture as of February 5, 2010 among the Issuer and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the First Supplemental Indenture.

This letter relates to U.S.$ principal amount of Notes which are evidenced by one or more Restricted Global Notes (CUSIP No. 191241 AC2; ISIN US191241AC28) and held with the Depositary in the name of [INSERT NAME OF TRANSFEROR] (the "Transferor"). The Transferor has requested a transfer of such beneficial interest in the Notes to a Person that shall take delivery thereof in the form of an equal principal amount of Notes evidenced by one or more Unrestricted Global Notes (CUSIP No.).

In connection with such request and in respect of such Notes, the Transferor does hereby certify that such transfer has been effected pursuant to and in accordance with either (i) Rule 903 or Rule 904 (as applicable) under the Securities Act, or (ii) Rule 144, and accordingly the Transferor does hereby further certify that:

(i) If the transfer has been effected pursuant to Rule 903 and Rule 904:

(1) the offer of the Notes was not made to a Person in the United States;

(2) either:

(A) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any Person acting on its behalf reasonably believed that the transferee was outside the United States, or

(B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any Person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

(ii) If the transfer has been effected pursuant to Rule 144, the Notes have been transferred in a transaction permitted by Rule 144.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the initial purchasers, if any, of the initial offering of such Notes being transferred. Terms used in this certificate and not otherwise defined in the First Supplemental Indenture have the meanings set forth in Regulation S under the Securities Act.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated:

cc: Coca-Cola FEMSA, S.A.B. de C.V.

ANNEX C

FORM OF TRANSFER CERTIFICATES
FOR TRANSFER FROM REGULATION S GLOBAL
NOTE OR UNRESTRICTED GLOBAL NOTE
TO RESTRICTED GLOBAL NOTE
(Transfers Pursuant to § 205(b)(iii)
of the First Supplemental Indenture)

[Transferor Certificate]

The Bank of New York Mellon,
as Trustee

Re: 4.625% Senior Notes due 2020 of
Coca-Cola FEMSA, S.A.B. de C.V. (the "Notes")

Reference is hereby made to the First Supplemental Indenture, dated as of February 5, 2010 (the "First Supplemental Indenture"), among Coca-Cola FEMSA, S.A.B. de C.V., as Issuer (the "Issuer"), The Bank of New York Mellon, as Trustee (the "Trustee"), Security Registrar and Principal Paying Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent, to the Indenture as of February 5, 2010 between the Issuer and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the First Supplemental Indenture.

This letter relates to U.S.$ principal amount of Notes which are evidenced by one or more [Regulation S Global Notes (CUSIP No. P2861Y AH5; Common Code 048578080; ISIN USP2861YAH55)] [Unrestricted Global Notes (CUSIP No.)] and held with the Depositary in the name of [INSERT NAME OF TRANSFEROR] (the "Transferor"). The Transferor has requested a transfer of such beneficial interest in the Notes to a Person that shall take delivery thereof (the "Transferee") in the form of an equal principal amount of Notes evidenced by one or more Restricted Global Notes (CUSIP No. 191241 AC2; ISIN US191241AC28).

In connection with such request and in respect of such Notes, the Transferor does hereby certify that:

(1) such transfer is being effected in accordance with all applicable securities laws of any state of the United States or any other jurisdiction;

(2) the Notes are being transferred in accordance with Rule 144A to a transferee whom the Transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A and is purchasing the Notes for its own account or any account with respect to which the transferee exercises sole investment discretion, in each case in a transaction meeting the requirements of Rule 144A; and

(3) it has notified the transferee that it has relied on Rule 144A as a basis for the exemption from the registration requirements of the Securities Act used in connection with the transfer.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and the underwriter or initial purchasers, if any, of the initial offering of such Notes being transferred.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated:

cc: Coca-Cola FEMSA, S.A.B. de C.V.
.

Exhibit 4.1

SECOND AMENDMENT TO SHAREHOLDERS AGREEMENT

SECOND AMENDMENT dated as of February 1, 2010, (this "Amendment"), by and among Compañía Internacional de Bebidas, S.A. de C.V. ("CIB"), a *sociedad anónima de capital variable* organized under the laws of the United Mexican States ("Mexico"), Grupo Industrial Emprex, S.A. de C.V. (formerly named Fomento Económico Mexicano, S.A. de C.V.) ("Emprex"), a *sociedad anónima de capital variable* organized under the laws of Mexico, The Coca-Cola Company ("KO"), a corporation organized under the laws of Delaware, The Imnex Corporation ("Inmex"), a corporation organized under the laws of Florida, and Dulux CBAI 2003 B.V. ("Dulux 1"), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands and a tax resident of Ireland and an indirect wholly owned subsidiary of Atlantic Industries, a Cayman Islands corporation.

WHEREAS, the parties hereto have agreed to amend certain of the governance arrangements with respect to Coca-Cola FEMSA, S.A.B. de C.V. (the "Company"), a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico, to reflect the operating control of the Company by CIB, and the way the Company and Subsidiaries are operated, with effects as of January 1, 2009.

NOW THEREFORE, pursuant to the terms of the Amended and Restated Shareholders Agreement dated as of July 6, 2002, as amended by the First Amendment to the Shareholders Agreement dated as of May 6, 2003 (together, the "Shareholders Agreement") and in accordance with Section 9.8 of the Shareholders Agreement, the parties hereto agree to amend the Shareholders Agreement as follows:

SECTION 1. Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Shareholders Agreement.

SECTION 2. Amendment. (a) Section 1 of the Shareholders Agreement is hereby amended as follows:

(i) The definition of "Series A Key Officers" is amended by deleting the definition in its entirety and replacing such definition with the following:

"Series A Key Officers" shall Mean the Chief Executive Officer of the Company and the senior management reporting to the Chief Executive Officer."

(ii) The following definitions shall be included:

"Chief Executive Officer" shall mean the Chief Executive Officer of the Company."

"Annual Normal Operations Plan" shall mean the annual plan required to assure the normal operation and the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate (including the necessary capital investments, capital expenditures, leases or indebtedness or other financial obligations (or guaranties) but shall not include any plan or decision relating to the Extraordinary Matters)."

"Annual Extraordinary Plan" shall mean the annual plan that should include any other plan or decision not contemplated in the "Annual Normal Operations Plan," including without limitation the Extraordinary Matters."

"Existing Line of Business" shall mean the manufacture, preparation, packaging, refrigeration, distribution, purchase, selling, dealing or any other activity concerned with any non alcoholic beverage products under the trademarks owned, authorized or licensed by KO or its subsidiaries.

For purposes of clarity and without limiting the foregoing, none of the following activities will be considered an Existing Line of Business: the manufacture, preparation, packaging, refrigeration, distribution, purchase, dealing or selling of alcoholic or nonalcoholic beverages (including without limitation beer and soft drinks) not authorized by KO or its subsidiaries. For purposes of this definition, neither the Company nor any of its Subsidiaries shall be considered a "subsidiary" of KO."

"Fundamental Misalignment" shall have the meaning set forth in Section 2.5(c)."

"Second Amendment" shall mean the Second Amendment to this Agreement, dated as of February 1, 2010 ."

(iii) The definitions of "Key Officers" and "Series D Key Officers" shall be deleted entirely and any reference to "Key Officers" in the Agreement shall be replaced by "Series A Key Officers".

(iv) The definition of "Annual Business Plan" is amended by adding the following sentence at the end of such definition:

"The Annual Business Plan will be formed by: (a) the "Annual Normal Operations Plan" and (b) the "Annual Extraordinary Plan".

(b) Section 2.1(d) of the Shareholders Agreement is hereby amended by adding the following sentences at the end of such Section:

"The Shareholders further acknowledge that the Second Amendment requires that the *Estatutos* shall be amended to provide that the following matters may be approved by a majority of the members of the Board of Directors voting (and not abstaining) at a meeting:

(a) appointment or removal of the Series A Key Officers and approval of their compensation;

(b) approval of the Annual Normal Operations Plan (and any modification related thereto), as part of the Annual Business Plan, including the approval of any capital investments, capital expenditures, leases or indebtedness or other financial obligations (or guaranties) or any other actions necessary to implement the Annual Normal Operations Plan;

(c) approval of any decisions or actions required in order to assure the normal operation and to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate and that are consistent with the implementation of the Annual Normal Operations Plan;

(d) Approval of the internal policies applicable to the Company as long as they are related to the normal operation or are required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate and that are consistent with the implementation of the Annual Normal Operations Plan;

(e) approval of yearly audited financial statements with an unqualified auditor's opinion;

(f) any delegations of authority or actions to vote shares of Subsidiaries of the Company, in either case with respect to any of the matters described in clauses (a) through (e) above;-and

(g) the granting of any power of attorney to take any action with respect to any of the matters set forth in clause (a) through (f) above.

The Shareholders acknowledge that the *Estatutos* shall also be amended to provide that any other matters or actions not listed or related to the matters referred to in Section 2.1 (d) of the Shareholders Agreement will require the approval of the majority of the members of the Board of Directors voting (and not abstaining) at a meeting, and such majority must also include two Series D Directors. Such other matters or actions shall include, but shall not be limited to (such other matters or actions are referred to herein as "Extraordinary Matters");

1. Entering into or operating a line of business that is not an Existing Line of Business;

2. acquisition or divestitures of franchises and territories or expansion of the Company into other territories;

3. Any acquisition, directly or indirectly, whether by purchase, merger, consolidation or acquisition of stock or assets or otherwise, of any assets, securities, properties, interests, or businesses or approve any investment (whether by purchase of stock or securities, contributions to capital, loans to, or property transfers), unless such acquisition or investment: (i) is already included in the capital budget of the Annual Normal Operations Plan; or (ii) if it is not already included in the capital budget of the Annual Normal Operations Plan is related to the normal operation or required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate with value not in excess of US $100 million;

4. Entering into any transaction to sell, lease, license, transfer, abandon, permit to lapse or otherwise dispose of any real property or other properties or assets, real, personal or mixed, unless such transaction: (i) is already included in the Annual Normal Operations Plan; or (ii) if it is not already included in the

Annual Normal Operations Plan is related to the normal operation or required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate with value not in excess of US $100 million;

5. Entering into any joint venture, partnership, strategic alliance or any other business combination with third parties, regardless of structure, that is not in the ordinary course of business consistent with past practice;

6. Litigation and arbitration matters (including settlements) that are not in the ordinary course of business consistent with past practice;

7. Any guarantee of a third party obligations that is not related to the normal operation or not required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate;

8. Adoption of any plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company;

9. Change in external auditors;

10. The proposal to declare and pay dividends exceeding 20% of the preceding years consolidated net profits;

11. Approval of yearly audited financial statements with a qualified auditor's opinion;

12. Listing and delisting of securities on any exchanges;

13. Issuance of shares or new series of shares, redemption of shares or changes in capital structure, including without limitation any formation or dissolution of subsidiaries;

14. Approval of the Annual Extraordinary Plan and any modification related thereto;

15. Approval of decisions or actions that are consistent with the implementation of the Annual Extraordinary Plan;

16. Any delegations of authority or actions to vote shares of subsidiaries of the Company with respect to matters not described in Section 2.1 (d), subsections (a) through (g) of the Shareholders Agreement;

17. Changes, amendments or modifications to the Chart of Authority with respect to matters not described in Section 2.1 (d), subsections (a) through (g) of the Shareholders Agreement;

18. Any other matters considered at ordinary, special or extraordinary shareholder meetings (other than those matters set forth in Section 2.3 (a) of the Shareholders Agreement); and

19. Disposition of securities of Subsidiaries or main line of existing business."

(c) Sections 2.2(a) and 2.2(b) of the Shareholders Agreement are hereby amended and restated as follows:

"2.2. Officers.

(a) The Shareholders acknowledge that the *Estatutos* provide for designation and removal of the Chief Executive Officer by a majority vote of the Board of Directors. The Chief Executive Officer of the Company will be entitled to appoint and remove any other member of the management of the Company and its Subsidiaries, including the other Series A Key Officers.

(b) The holders of Series A Shares agree to cause the Series A Directors, (i) not to designate as a Series A Key Officer any individual who holds a management position with any entity other than the Company or any of its Subsidiaries, and (ii) to remove any Series A Key Officer who holds such a position."

(d) Section 2.3(a) of the Shareholders Agreement is hereby amended by adding the following sentence at the end of such Section:

"The Shareholders further acknowledge that the Second Amendment requires that the *Estatutos* shall be amended to provide that the following matters considered at ordinary and extraordinary shareholder meetings may be approved by a majority of the issued, subscribed and paid shares of capital stock voting (and not abstaining) at such meeting:

(a) the declaration and payment of any dividends up to 20% of the preceding years consolidated net profits, as per the agreed dividend policy on Section 3.6 of the Shareholders Agreement;

(b) approval of yearly audited financial statements with a unqualified auditor's opinion.

The Shareholders further acknowledge that the *Estatutos* shall be amended to provide that all matters considered at ordinary and extraordinary shareholder meetings not listed in this Section 2.3 (a) of the Shareholders Agreement may be approved by a majority of the issued, subscribed and paid shares of capital stock voting (and not abstaining) at such meeting, and such majority must also include a majority of the issued, subscribed and paid Series D Shares."

(e) Section 2.5 of the Shareholders Agreement is amended by adding a subsection (c) at the end of such section:

"(c) The parties agree that if during two successive years the Series D Directors voted against the approval of the Annual Normal Operations Plan and such Annual Normal Operations Plan was approved by the majority of the directors, the Vice President of Finance, Latin America Group of KO and the CFO of the Company shall meet in a good faith effort to resolve such difference. In the event they are unable to resolve the difference within a period of 30 days following the occurrence of such difference, then the difference shall be submitted to the President of the Latin America Group of KO and the CEO of the Company for resolution. In the event such officers are unable to resolve the difference within an additional period of 30 days, then KO at its option may declare this difference a fundamental misalignment and communicate such declaration to the CIB Shareholder (the "Fundamental Misalignment")."

(f) Section 5.1 of the Shareholders Agreement is hereby amended and restated as follows:

"5.1. Impasse. In the event that (i) two successive meetings of the Board of Directors of the Company or any Subsidiary shall lack a quorum, after having been duly called, after notices thereof have been duly given in accordance with the *Estatutos* or the Subsidiary *Estatutos* of such Subsidiary and after actual notice thereof has been given to the Series D Representative pursuant to Section 2.1(g) hereof, which meetings would have had a quorum but for the absence of any Series A Director or Series D Director, (ii) two successive meetings (ordinary or extraordinary) of the shareholders of the Company shall lack a quorum, after having been duly called, after notices thereof have been duly given in accordance with the *Estatutos* and after actual notice thereof has been given to the Series D Representative pursuant to Section 2.3(b) hereof, which meetings would have had a quorum but for the absence of any CIB Shareholder or Inmex Shareholder, (iii) the Board of Directors of the Company (or any Subsidiary) is unable at any two consecutive meetings to reach a decision by the required vote concerning any matter that was on the agenda for such meeting, (iv) the holders of Shares do not approve, at any ordinary or extraordinary meeting of shareholders of the Company, any matter that was on the agenda for such meeting, (v) a Simple Majority Period remains in existence for a continuous period of more than one year or (vi) the occurrence of a Fundamental Misalignment (any such occurrence, an "Impasse"), the CM Shareholders and the Inmex Shareholders shall consult with each other in good faith on a regular basis during the 120-day period following the occurrence of such Impasse, subject to extension by mutual agreement of all such CIB Shareholders and Inmex Shareholders (for purposes of this Section 5, the "Initial Consultation Period"), in an effort to resolve such Impasse; provided, however, that a meeting called but lacking a quorum as set forth in clause (i) or clause (ii) of this Section 5.1 shall not constitute a meeting for purposes of clause (iii) or clause (iv) of this Section 5.1. Within 30 days after the end of the Initial Consultation Period, such 30-day period being subject to extension by mutual agreement of all such CIB Shareholders and Inmex Shareholders (for purposes of this Section 5, the "Parent Consultation Period"), CIB and Inmex shall cause the chief executive officer of CIB and the President of

KO (or, if Inmex shall not be a Majority Owned Subsidiary of KO and KO shall not be the legal successor to Inmex, the chief executive officer of the ultimate parent of Inmex, or person of equivalent standing), respectively, to meet in a mutually agreeable place and to make a good faith effort to resolve such Impasse. In the event such officers are unable to resolve such Impasse, (i) prior to the end of the Parent Consultation Period, the CIB Shareholders and the Inmex Shareholders may mutually agree to submit such matter to such non-binding mediation on such terms as they may agree, or any CIB Shareholder or Inmex Shareholder may give written notice to each Inmex Shareholder or each CIB Shareholder, respectively, of the continuance of such Impasse (a "Notice of Continuing Impasse"), or (ii) if no such action is taken prior to the end of the Parent Consultation Period, such Impasse shall be deemed immediately to terminate."

(g) Section 7.1 (a) of the Shareholders Agreement is hereby amended and restated as follows:

"7.1. Termination of Certain Provisions.

(a) In the event (i) an option of Non-COC Shareholders to purchase Restricted Shares arises under Section 4.20(b) and the closing with respect to such option would cause, (ii) any proposed Transfer of Restricted Shares pursuant to Article 15 of the *Estatutos* would cause or (ii) any exercise of a purchase option pursuant to such Article would cause, the Restricted Shares held by the Inmex Shareholders (or the CIB Shareholders, as the case may be) to constitute less than 20% of all issued, subscribed and paid Ordinary Shares, then upon the request of any of the CIB Shareholders (or any of the Imnex Shareholders, as the case may be), promptly but in any case not later than the date of such closing pursuant to Section 4.2(b) or the closing of such Transfer or purchase option exercise, as the case may be, each of the Shareholders shall take all action necessary to eliminate, effective not later than immediately prior to any such closing, all special majority quorum and voting requirements (other than those herein or in the *Estatutos* relating to restrictions on Transferring the Restricted Shares) from this Agreement, the *Estatutos* and the Subsidiary *Estatutos* of each of the Subsidiaries."

(h) Exhibit D to the Shareholders Agreement (Subsidiary By-Laws) is hereby amended by (i) adding in Article 24(a)the following phrase after "at the time such action is taken" : ", provided that the Board of Directors shall be considered legitimately functioning with respect to the following matters with the presence of at least two of its three members (or their respective alternates, as the case may be):

(1) appointment or removal of the Chief Executive Officer of the Company and its Subsidiaries and the senior management reporting to the Chief Executive Officer and approval of their compensation;

(2) approval of the Annual Normal Operations Plan and any modifications thereto (including the approval of any capital investments, capital expenditures, leases or indebtedness or other financial obligations (or guaranties)) or any other actions necessary to implement the Annual Normal Operations Plan;

(3) approval of any decisions or actions required in order to assure the normal operation and to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate and that are consistent with the implementation of the Annual Normal Operations Plan;

(4) Approval of the internal policies applicable to the Company as long as they are related to the normal operation or are required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate and that are consistent with the implementation of the Annual Normal Operations Plan;

(5) approval of yearly audited financial statements with an unqualified auditor's opinion;

(6) the granting of any power of attorney to take any action with respect to any of the matters set forth in clause (1) through (5) above."

and (ii) by adding the following phrase after "those who abstain)" in Article 24(b), "; provided that the matters referred to in Article 24(a) subsections (1) to (6) may be approved by a majority of the members of the Board of Directors voting (and not abstaining) at a meeting.

Provided further that the Subsidiary By-Laws is also amended to provide that any other matters or actions not listed or related to the matters referred to Article 24 (a) subsections (1) to (6) will require the approval of the three members of the board of directors. Such other matters or actions shall include, but shall not be limited to (such other matters or actions are referred to herein as "Extraordinary Matters"):

1. Entering into or operating a line of business that is not an Existing Line of Business;

2. acquisition or divestitures of franchises and territories or expansion of the Company into other territories;

3. Any acquisition, directly or indirectly, whether by purchase, merger, consolidation or acquisition of stock or assets or otherwise, of any assets, securities, properties, interests, or businesses or approve any investment (whether by purchase of stock or securities, contributions to capital, loans to, or property transfers), unless such acquisition or investment: (i) is already included in the capital budget of the Annual Normal Operations Plan; or (ii) if it is not already included in the capital budget of the Annual Normal Operations Plan is related to the normal operation or required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate with value not in excess of US $100 million;

4. Entering into any transaction to sell, lease, license, transfer, abandon, permit to lapse or otherwise dispose of any real property or other properties or assets, real, personal or mixed, unless such transaction: (i) is already included in the Annual Normal Operations Plan; or (ii) if it is not already included in the Annual Normal Operations Plan is related to the normal operation or required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate with value not in excess of US $100 million;

5. Entering into any joint venture, partnership, strategic alliance or any other business combination with third parties, regardless of structure, that is not in the ordinary course of business consistent with past practice;

6. Litigation and arbitration matters (including settlements) that are not in the ordinary course of business consistent with past practice;

7. Any guarantee of a third party obligations that is not related to the normal operation or not required to assure the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate;

8. Adoption of any plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company;

9. Change in external auditors;

10. Approval of yearly audited financial statements with a qualified auditor's opinion;

11. Listing and delisting of securities on any exchanges;

12. Issuance of shares or new series of shares, redemption of shares or changes in capital structure, including without limitation any formation or dissolution of subsidiaries;

13. Approval of the Annual Extraordinary Plan and any modification related thereto;

14. Approval of decisions or actions that are consistent with the implementation of the Extraordinary Annual Plan;

15. Any delegations of authority or actions to vote shares of subsidiaries of the Company with respect to matters not described in Article 24 subsections (1) through (6) above;

16. Any other matters considered at ordinary, special or extraordinary shareholder meetings (other than those matters set forth in Section 2.3 (a) of the Shareholders Agreement); and

17. Disposition of securities of Subsidiaries or main line of existing business.

(i) Provided further that the *Estatutos* of the Company and the Subsidiary Bylaws are further amended by adding a new paragraph at the end of Article 29 of the *Estatutos* of the Company and a new Article 24 subsection (d) in the Subsidiary Bylaws providing the following:

"The following terms shall have the meanings set forth below:

"Annual Normal Operations Plan" shall mean the annual plan required to assure the normal operation and the organic growth of the business of the Company and its Subsidiaries in each of the territories where they operate (including the necessary capital investments, capital expenditures, leases or indebtedness or other financial obligations (or guaranties) but shall not include any plan or decision relating to the Extraordinary Matters).

"Annual Extraordinary Plan" shall mean the annual plan that should include-any other plan or decision not contemplated in the "Annual Normal Operations Plan," including without limitation the Extraordinary Matters.

"Existing Line of Business" shall mean the manufacture, preparation, packaging, refrigeration, distribution, purchase, selling, dealing or any other activity concerned with any non alcoholic beverage products under the trademarks owned, authorized or licensed by KO or its subsidiaries. For purposes of clarity and without limiting the foregoing, none of the following activities will be considered an Existing Line of Business: the manufacture, preparation, packaging, refrigeration, distribution, purchase, dealing or selling of alcoholic or nonalcoholic beverages (including without limitation beer and soft drinks) not authorized by KO or its subsidiaries. For purposes of this definition, neither the Company nor any of its Subsidiaries shall be considered a "subsidiary' of KO."

SECTION 3. Agreement to Amend the Estatutos of the Company and Subsidiaries. The parties hereby agree to take all necessary corporate action to cause, pursuant to and in accordance with their own terms, (a) the amendment of the *Estatutos* of the Company, and (b) the amendment of the Subsidiary *Estatutos* to comply with and implement the agreements hereof, in each case as promptly as practicable hereafter and no later than 30 days of the date hereof.

SECTION 4. Full Force and Effect. Except as expressly amended hereby, the Shareholders Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof.

SECTION 5. Counterparts. This Amendment may be executed in two or more counterparts, each of which when executed shall be deemed an original but all of which taken together shall constitute one and the same agreement.

SECTION 6. Captions. The Section headings contained in this Amendment are inserted in this Amendment only as a matter of convenience and for reference and in no way

define, limit, extend or describe the scope of this Amendment or the intent of any provision of this Amendment.

SECTION 7. Governing Law. This Amendment will be governed by and construed and enforced in accordance with the laws of Mexico.

SECTION 8. Further Assurances. Each Party hereto agrees, at its own expense, to perform all such further acts and execute and deliver all such further agreements, instruments and other documents as another Party shall reasonably request to evidence more effectively the assignments and assumptions made by the Parties under this Amendment.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date first written above by their respective officers thereunto duly authorized.

COMPAÑÍA INTERNACIONAL DE BEBIDAS, S.A., DE C.V.

By: /s/ Carlos Aldrete
Name: Carlos Aldrete
Title: Attorney-in-fact

GRUPO INDUSTRIAL EMPREX, S.A. DE C.V.

By: /s/ Carlos Aldrete
Name: Carlos Aldrete
Title: Attorney-in-fact

THE COCA-COLA COMPANY

By: /s/ Gary P. Fayard
Name: Gary P. Fayard
Title: Executive VP and CFO

THE INMEX CORPORATION

By: /s/ Gary P. Fayard
Name: Gary P. Fayard
Title: Chief Financial Officer

DULUX CBAI 2003 B.V.

By: /s/ William D. Hawkins III
Name: William D. Hawkins III
Title: Director

Exhibit 8.1

SIGNIFICANT SUBSIDIARIES

The table below sets forth all of our direct and indirect significant subsidiaries and the percentage of equity of each subsidiary we owned directly or indirectly as of December 31, 2009:

Name of Company	Jurisdiction of Incorporation	Percentage Owned	Description
Propimex, S.A. de C.V.....	Mexico	100.00%	Manufacturer of bottles and distributor of bottled beverages.
Controladora Interamericana de Bebidas, S.A. de C.V.....	Mexico	100.00%	Holding company of manufacturers and distributors of beverages.
Spal Industria Brasileira de Bebidas, S.A.	Brazil	97.71%	Manufacturer of cans and related products for bottling beverages.
Coca-Cola FEMSA de Venezuela S.A. (formerly Panamco Venezuela, S.A. de C.V.).....	Venezuela	100.00%	Manufacturer of bottles and related products for bottling beverages.

Exhibit 12.1

Certification

I, Carlos Salazar Lomelín, certify that:

1. I have reviewed this annual report on Form 20-F of Coca-Cola FEMSA, S.A.B de C.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 10, 2010

/s/ Carlos Salazar Lomelín
Carlos Salazar Lomelín
Chief Executive Officer

Exhibit 12.2

Certification

I, Héctor Treviño Gutiérrez, certify that:

1. I have reviewed this annual report on Form 20-F of Coca-Cola FEMSA, S.A.B. de C.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 10, 2010

/s/ Héctor Treviño Gutiérrez

Héctor Treviño Gutiérrez
Chief Financial Officer

Exhibit 13.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Coca-Cola FEMSA, S.A.B d e C.V. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on form 20-F for the year ended December 31, 2009 (the "Form 20-F") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 10, 2010

/s/ Carlos Salazar Lomelín
Carlos Salazar Lomelín
Chief Executive Officer

Date: June 10, 2010

/s/ Héctor Treviño Gutiérrez
Héctor Treviño Gutiérrez
Chief Financial Officer