Taxes could adversely affect Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

The countries where Coca-Cola FEMSA operates may adopt new tax laws or modify existing tax laws to increase taxes applicable to Coca-Cola FEMSA's business or products. Coca-Cola FEMSA's products are subject to certain taxes in many of the countries where it operates, which impose taxes on sparkling beverages. **See "Item 4. Information on the Company—Regulatory Matters—Taxation of Sparkling Beverages."** The imposition of new taxes, increases in existing taxes or changes in the interpretation of tax laws and regulation by tax authorities may have a material adverse effect on Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

Tax legislation in some of the countries where Coca-Cola FEMSA operates has recently been subject to major changes. **See "Item 4. Information on the Company—Regulatory Matters—Mexican Tax Reform**" and "**Information on the Company—Regulatory Matters—Other Recent Tax Reforms."** We cannot assure you that these reforms or other reforms adopted by governments in the countries where Coca-Cola FEMSA operates will not have a material adverse effect on its business, financial condition, results of operations and prospects.

Regulatory developments may adversely affect Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

Coca-Cola FEMSA is subject to several laws and regulations in each of the territories where it operates. The principal areas in which Coca-Cola FEMSA is subject to laws and regulations are water, environment, labor, taxation, health and antitrust. Laws and regulations can also affect Coca-Cola FEMSA's ability to set prices for its products. **See "Item 4. Information on the Company—Regulatory Matters."** Changes in existing laws and regulations, the adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the countries where Coca-Cola FEMSA operates may increase its operating and compliance costs or impose restrictions on its operations which, in turn, may adversely affect Coca-Cola FEMSA's business, financial condition, results of operations and prospects. In particular, environmental standards are becoming more stringent in several of the countries where Coca-Cola FEMSA operates. There is no assurance that Coca-Cola FEMSA will be able to comply with changes in environmental laws and regulations within the timelines established by the relevant regulatory authorities. **See "Item 4. Information on the Company—Regulatory Matters—Environmental Matters."**

Voluntary price restraints or statutory price controls have been imposed historically in several of the countries where Coca-Cola FEMSA operates. Currently, there are no price controls on Coca-Cola FEMSA's products in any of the territories where it has operations, except for those in Argentina, where authorities directly supervise five of Coca-Cola FEMSA's products sold through supermarkets as a measure to control inflation, and Venezuela, where price controls have been imposed on certain of Coca-Cola FEMSA's products, including bottled water, and a limit has been imposed on profits earned on the sale of goods, including Coca-Cola FEMSA's products, in an effort to seek price stability of, and equal access to, goods and services. If Coca-Cola FEMSA exceeds such limit on profits, it may be forced to reduce the prices of its products in Venezuela, which would in turn adversely affect its business, financial condition, results of operations and prospects. In addition, consumer protection laws in Venezuela are subject to continuing review and changes, and any such changes may have an adverse impact on Coca-Cola FEMSA. We cannot assure you that existing or future laws and regulations in the countries where Coca-Cola FEMSA operates relating to goods and services (in particular, laws and regulations imposing statutory price controls) will not affect Coca-Cola FEMSA's products or that Coca-Cola FEMSA will not need to implement voluntary price restraints, which could have a negative effect on its business, financial condition, results of operations and prospects. **See "Item 4. Information on the Company—Regulatory Matters—Price Controls."**

Unfavorable results of legal proceedings could have an adverse effect on Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

Coca-Cola FEMSA's operations have from time to time been and may continue to be subject to investigations and proceedings by antitrust authorities, and litigation relating to alleged anticompetitive practices. Coca-Cola FEMSA also has been subject to investigations and proceedings on tax, consumer protection, environmental and labor matters. We cannot assure you that these investigations and proceedings will not have an adverse effect on Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

Weather conditions may adversely affect Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

Lower temperatures, higher rainfall and other adverse weather conditions such as typhoons and hurricanes may negatively impact consumer patterns, which may result in reduced sales of Coca-Cola FEMSA's beverage offerings. Additionally, such adverse weather conditions may affect plant installed capacity, road infrastructure and points of sale in the territories where Coca-Cola FEMSA operates and limit Coca-Cola FEMSA's ability to produce, sell and distribute its products, thus affecting its business, financial condition, results of operations and prospects.

Coca-Cola FEMSA may not be able to successfully integrate its acquisitions and achieve the expected operational efficiencies and/or synergies.

Coca-Cola FEMSA has and may continue to acquire bottling operations and other businesses. Key elements to achieving the benefits and expected synergies of Coca-Cola FEMSA's acquisitions and/or mergers are the integration of acquired or merged businesses' operations into its own in a timely and effective manner and the retention of qualified and experienced key personnel. Coca-Cola FEMSA may incur unforeseen liabilities in connection with acquiring, taking control of, or managing bottling operations and other businesses and may encounter difficulties and unforeseen or additional costs in restructuring and integrating them into its operating structure. We cannot assure you that these efforts will be successful or completed as expected by Coca-Cola FEMSA, and Coca-Cola FEMSA's business, financial condition, results of operations and prospects could be adversely affected if it is unable to do so.

Political and social events in the countries where Coca-Cola FEMSA operates and changes in governmental policies may have an adverse effect on Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

In recent years, some of the governments in the countries where Coca-Cola FEMSA operates have implemented and may continue to implement significant changes in laws, public policy and/or regulations that could affect the political and social conditions in these countries. Any such changes may have an adverse effect on Coca-Cola FEMSA's business, financial condition, results of operations and prospects. We cannot assure you that political or social developments in any of the countries where Coca-Cola FEMSA operates, such as the election of new administrations, political disagreements, civil disturbances and the rise in violence and perception of violence, over which Coca-Cola FEMSA has no control, will not have a corresponding adverse effect on the local or global markets or on Coca-Cola FEMSA's business, financial condition, results of operations and prospects.

FEMSA Comercio

Competition from other retailers in Mexico could adversely affect FEMSA Comercio – Retail Division's business, financial condition, results of operations and prospects.

The Mexican retail sector is highly competitive. FEMSA participates in the retail sector primarily through FEMSA Comercio – Retail Division. Its OXXO stores face competition from small-format stores like 7-Eleven, Extra, Super City, Círculo K stores and other numerous chains of retailers across Mexico, from other regional small-format retailers to small informal neighborhood stores. In particular, small informal neighborhood stores can sometimes avoid regulatory oversight and taxation, enabling them to sell certain products at prices below average market prices. In addition, these small informal neighborhood stores could improve their technological capabilities so as to enable credit card transactions and electronic payment of utility bills, which would diminish one of FEMSA Comercio –Retail Division's competitive advantages. FEMSA Comercio – Retail Division may face additional competition from new market participants. Increased competition may limit the number of new store locations available and require FEMSA Comercio –Retail Division to modify its product offering or pricing structure. As a consequence, FEMSA Comercio – Retail Division's business, financial condition, results of operations and prospects may be adversely affected by competition in the future.

Sales of OXXO small-format stores may be adversely affected by changes in economic conditions in Mexico.

Small-format stores often sell certain products at a premium. The small-format store market is thus highly sensitive to economic conditions, since an economic slowdown is often accompanied by a decline in consumer purchasing power, which in turn results in a decline in the overall consumption of FEMSA Comercio – Retail Division’s main product categories. During periods of economic slowdown, OXXO stores may experience a decline in traffic per store and average ticket per customer, which may result in a decline in FEMSA Comercio – Retail Division’s overall performance.

Regulatory changes may adversely affect FEMSA Comercio –Retail Division’s business.

In Mexico, FEMSA Comercio – Retail Division is subject to regulation in areas such as labor, taxation, zoning, operations and related local permits and health and safety regulations. Changes in existing laws and regulations, the adoption of new laws or regulations, or a stricter interpretation or enforcement thereof in the countries where FEMSA Comercio – Retail Division operates may increase its operating and compliance costs or impose restrictions on its operations which, in turn, may adversely affect FEMSA Comercio – Retail Division’s business, financial condition, results of operations and prospects. In addition, changes in current laws and regulations may negatively impact customer traffic, revenues, operational costs and commercial practices, which may have an adverse effect on FEMSA Comercio – Retail Division’s business, financial condition, results of operations and prospects.

FEMSA Comercio – Retail Division may not be able to maintain its historic growth rate.

FEMSA Comercio – Retail Division increased the number of OXXO stores at a compound annual growth rate of 10.1% from 2011 to 2015. The growth in the number of OXXO stores has driven growth in total revenue and results at FEMSA Comercio – Retail Division over the same period. As the overall number of stores increases, growth in the number of OXXO stores is likely to slow. In addition, as small-format store penetration in Mexico grows, the number of viable new store locations may decrease, and new store locations may be less favorable in terms of same-store sales, average ticket and store traffic. As a result, FEMSA Comercio – Retail Division’s future results and financial condition may not be consistent with prior periods and may be characterized by lower growth rates in terms of total revenue and results of operations. In Colombia, OXXO stores may not be able to maintain historic growth rates similar to those in Mexico. We cannot assure you that FEMSA Comercio – Retail Division’s future retail stores will generate revenues and cash flow comparable with those generated by its existing retail stores.

FEMSA Comercio – Retail Division’s business depends heavily on information technology and a failure, interruption, or breach of its IT systems could adversely affect it.

FEMSA Comercio – Retail Division’s business relies heavily on advanced information technology (which we refer to as IT) systems to effectively manage its data, communications, connectivity, and other business processes. FEMSA Comercio – Retail Division invests aggressively in IT to maximize its value generation potential. Given the rapid speed at which such division adds new services and products to its commercial offerings, the development of IT systems, hardware and software needs to keep pace with the growth of the business. If these systems become obsolete or if planning for future IT investments is inadequate, FEMSA Comercio – Retail Division’s business could be adversely affected.

Although FEMSA Comercio – Retail Division constantly improves its IT systems and protects them with advanced security measures, they may still be subject to defects, interruptions, or security breaches such as viruses or data theft. Such a defect, interruption, or breach could adversely affect FEMSA Comercio – Retail Division’s business, financial condition, results of operations and prospects.

FEMSA Comercio – Retail Division's business may be adversely affected by an increase in the price of electricity.

The performance of FEMSA Comercio – Retail Division's stores would be adversely affected by increases in the price of utilities on which the stores depend, such as electricity. In recent years the price of electricity in Mexico has remained stable, and particularly the price was reduced last year, although it could potentially increase as a result of inflation, shortages, interruptions in supply, or other reasons, and such an increase could adversely affect FEMSA Comercio – Retail Division's business, financial condition, results of operations and prospects.

FEMSA Comercio – Retail Division's expansion strategy and entry into new markets and retail formats may lead to decreased profit margins.

FEMSA Comercio – Retail Division has recently entered into new markets through the acquisition of other small-format retail businesses such as drugstores and quick-service restaurants. FEMSA Comercio – Retail Division continued with this strategy in 2015 and may continue with it in the future. These new businesses are currently less profitable than OXXO, and might therefore marginally dilute FEMSA Comercio – Retail Division's margins in the short to medium term.

Taxes could adversely affect FEMSA Comercio's business.

The imposition of new taxes or increases in existing taxes, or changes in the interpretation of tax laws and regulations by tax authorities, may have a material adverse effect on FEMSA Comercio's business, financial condition, results of operations and prospects.

Energy regulatory changes may impact fuel prices and therefore adversely affect FEMSA Comercio – Fuel Division's business.

FEMSA Comercio – Fuel Division sells mainly gasoline and diesel through owned or leased retail service stations. Currently, the prices of these products are regulated in Mexico by the *Comisión Reguladora de Energía* (Energy Regulatory Commission), a government agency. Changes in how these prices may be determined or controlled may adversely affect FEMSA Comercio – Fuel Division's business, financial condition, results of operations and prospects. In the future and in accordance with what is envisioned by the current regulations in Mexico, fuel prices will follow the dynamics of the international fuel market, which may also adversely affect FEMSA Comercio – Fuel Division's business, financial condition, results of operations and prospects.

Uncertainty in Mexican legislation and regulation of the energy sector could affect FEMSA Comercio – Fuel Division's business.

Mexican legislation and regulation of the energy sector in general, and of fuel distribution in particular, is in transition or has not been fully implemented (through secondary legislation and rules) given the recent passing of energy reforms. The authorities have certain discretion to implement the energy reform and, in the future, new rules, additional requirements or steps or interpretations could adversely affect FEMSA Comercio – Fuel Division's business, financial condition, results of operations and prospects.

FEMSA Comercio – Fuel Division's business could be affected by new safety and environmental regulations enforced by government, global environmental regulations and new energy technologies.

Federal, state and municipal laws and regulations for the installation of new service stations are becoming or may become more stringent. Compliance with these laws and regulations is often difficult and costly. Global trends to reduce the consumption of fossil fuels through incentives and taxes could push sales of these fuels at service stations to slow or decrease in the future and automotive technologies, including efficiency gains in traditional fuel vehicles and increased popularity of alternative fuel vehicles, such as electric and liquefied petroleum gas (LPG) vehicles, have caused a significant reduction in fuel consumption. Other new technologies could further reduce the sale of traditional fuels, all of which could adversely affect FEMSA Comercio – Fuel Division's results or financial position.

Competition from new players in Mexico could adversely affect FEMSA Comercio – Fuel Division's business.

The opening of the Mexican fuel distribution market is expected to alter the competitive dynamics of the industry. The Mexican fuel distribution and retail market is expected to enter into a consolidation process as large companies and international competitors enter the market or gain market share at the expense of small, independently owned and operated service stations. Consolidation may occur rapidly and materially alter the market dynamics in Mexico which may affect our ability to take advantage of existing opportunities. Such changes could adversely affect FEMSA Comercio – Fuel Division's business, financial condition, and results of operations and prospects. We cannot assure you that any further market consolidation will not be detrimental to FEMSA Comercio – Fuel Division's market position or competitiveness or will not materially and adversely affect its business, financial condition, results of operations and prospects.

Risks Related to Mexico and the Other Countries Where We Operate

Adverse economic conditions in Mexico may adversely affect our financial position and results.

We are a Mexican corporation and our Mexican operations are our single most important geographic territory. For the year ended December 31, 2015, 70% of our consolidated total revenues were attributable to Mexico. During 2012, 2013 and 2014 the Mexican gross domestic product, or GDP, increased by approximately 4%, 1.4% and 2.1%, respectively, and in 2015 it increased by approximately 2.5% on an annualized basis compared to 2014, due to stronger performance in the services and primary sectors, which were partially offset by lower volumes and cheaper prices in the oil and gas industries. We cannot assure you that such conditions will not have a material adverse effect on our business, financial condition, results of operations and prospects going forward. The Mexican economy continues to be heavily influenced by the U.S. economy, and therefore, deterioration in economic conditions in, or delays in recovery of, the U.S. economy may hinder any recovery in Mexico. In the past, Mexico has experienced both prolonged periods of weak economic conditions and deteriorations in economic conditions that have had a negative impact on our results.

Our business may be significantly affected by the general condition of the Mexican economy, or by the rate of inflation in Mexico, interest rates in Mexico and exchange rates for, or exchange controls affecting, 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. Because a large percentage of our costs and expenses are fixed we may not be able to reduce costs and expenses upon the occurrence of any of these events and our profit margins may suffer as a result.

In addition, an increase in interest rates in Mexico would increase the cost of our debt and would cause an adverse effect on our financial position and results. Mexican peso-denominated debt (including currency hedges) constituted 39% of our total debt as of December 31, 2015.

Depreciation of the Mexican peso and of our other local currencies relative to the U.S. dollar could adversely affect our financial position and results.

Depreciation of the Mexican peso and of our other local currencies relative to the U.S. dollar increases the cost 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 negatively affects our financial position and results. A severe devaluation or depreciation of the Mexican peso may 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 debt or obligations in other currencies. The Mexican peso is a free-floating currency and as such, it experiences exchange rate fluctuations relative to the U.S. dollar over time. During 2014, 2013 and 2012, the Mexican peso experienced fluctuations relative to the U.S. dollar consisting of 7.1% of recovery, 1% of depreciation and 12.6% of depreciation respectively, compared to the years of 2013, 2012 and 2011. During 2015, the Mexican peso depreciated relative to the U.S. dollar by approximately 16.6% compared to 2014. Through April 15, 2016, the Mexican peso has depreciated 2.1% since December 31, 2015.

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 impose restrictive exchange rate policies in the future, as it has done in the past. Currency fluctuations may have an adverse effect on our financial position, results and cash flows in future periods.

When the financial markets are volatile, as they have been in recent periods, our results may be substantially affected by variations in exchange rates and commodity prices, and to a lesser degree, interest rates. These effects include foreign exchange gain and loss on assets and liabilities denominated in U.S. dollars, fair value gain and loss on derivative financial instruments, commodities prices and changes in interest income and interest expense. These effects can be much more volatile than our operating performance and our operating cash flows.

Political events in Mexico could adversely affect our operations.

Mexican political events may significantly affect our operations. Presidential elections in Mexico occur every six years, with the most recent one occurring in July 2012. Enrique Peña Nieto, a member of the *Partido Revolucionario Institucional,* was elected as the president of Mexico and took office on December 1, 2012. In addition, the Mexican Congress has approved a number of structural reforms intended to modernize certain sectors of and foster growth in the Mexican economy, and is continuing to approve further reforms. President Peña Nieto continues to face significant challenges as the structural reforms approved by the Mexican Congress could have an effect on the Mexican economy. Furthermore, no single party has a majority in the Senate or the *Cámara de Diputados* (House of Representatives), and the absence of a clear majority by a single party could result in government gridlock and political uncertainty. We cannot provide any assurances that political developments in Mexico, over which we have no control, will not have an adverse effect on our business, financial condition, results of operations and prospects.

Security risks in Mexico could increase, and this could adversely affect our results.

The presence of violence among drug cartels, and between these and the Mexican law enforcement and armed forces, pose a risk to our business. Organized criminal activity and related violent incidents have decreased in 2015 compared to 2014 and 2013, but remain prevalent in some parts of Mexico. These incidents are relatively concentrated along the northern Mexican border, as well as in certain other Mexican states such as Sinaloa, Morelos, Michoacan and Guerrero. The north of Mexico is an important region for our retail operations, and an increase in crime rates could negatively affect our sales and customer traffic, increase our security expenses, and result in higher turnover of personnel or damage to the perception of our brands. This situation could worsen and adversely impact our business and financial results because consumer habits and patterns adjust to the increased perceived and real security risks, as people refrain from going out as much and gradually shift some on-premise consumption to off-premise consumption of food and beverages on certain social occasions.

Depreciation of local currencies in other Latin American countries where we operate may adversely affect our financial position.

The devaluation of the local currencies against the U.S. dollar in our non-Mexican territories can increase our operating costs in these countries, and depreciation of the local currencies against the Mexican peso can negatively affect our results for these countries. In recent years, the value of the currency in the countries where we operate has been relatively stable relative to the Mexican peso, except in Venezuela. During 2015, in addition to the Venezuelan currency, the currencies of Brazil and Argentina also depreciated against the Mexican peso. Future currency devaluation or the imposition of exchange controls in any of these countries, or in Mexico, would have an adverse effect on our financial position and results.

We have operated under exchange controls in Venezuela since 2003, which limits our ability to remit dividends abroad or make payments other than in local currency and that may increase the real price paid for raw materials and services purchased in local currency. Prior to 2014, we had historically used the official exchange rate to translate our Venezuelan operations. However, since the beginning of 2014, the Venezuelan government has announced a series of changes to the Venezuelan exchange control regime.

In January 2014, the Venezuelan government announced an exchange rate determined by the state-run system known as the *Sistema Complementario de Administración de Divisas*, or SICAD. In March 2014, the Venezuelan government announced a new law that authorized an alternative method of exchanging Venezuelan bolivars to U.S. dollars known as SICAD II. In February 2015, the Venezuelan government announced that it was replacing SICAD II with a new market-based exchange rate determined by the system known as the *Sistema Marginal de Divisas*, or SIMADI. In February 2016, the Venezuelan government announced a 37% devaluation of the official exchange rate and changed the existing three-tier exchange rate system into a dual system. The official exchange rate (6.30 bolivars per US$ 1.00 as of December 31, 2015) and the SICAD exchange rate (13.50 bolivars per US$ 1.00 as of December 31, 2015) were merged into a single official exchange rate of 10.00 bolivars per U.S. dollar. The decision was part of a package of economic policies intended to mitigate the economic crisis of the member countries of the Organization of the Petroleum Exporting Countries (OPEC).

In March 2016, the Venezuelan government announced that it was replacing the SIMADI exchange rate with a new market-based exchange rate known as *Divisas Complementarias*, or DICOM, and the official exchange rate with a preferential exchange rate denominated *Divisa Protegida*, or DIPRO. The DIPRO exchange rate is determined by the Venezuelan government and may be used to settle imports of a list of goods and raw materials, which has not been published as of the date of this annual report. The DICOM exchange rate is determined based on supply and demand of U.S. dollars. As of April 15, 2016, the DIPRO and DICOM exchange rates were 10 bolivars and 339.45 bolivars per US$ 1.00, respectively.

We translated our results of operations in Venezuela for the full year ended December 31, 2015 into our reporting currency, the Mexican peso, using the SIMADI exchange rate of 198.70 bolivars to US$ 1.00, which was the exchange rate in effect as of such date. As a result, in 2015, we recognized a reduction in equity of Ps. 2,687 million. Coca-Cola FEMSA will closely monitor any further developments that may affect the exchange rates to translate the financial statements of its Venezuelan subsidiary in the future.

Based upon our specific facts and circumstances, we anticipate using the DICOM exchange rate to translate our future results of operations in Venezuela into our reporting currency, the Mexican peso. This will further adversely affect our comprehensive income and financial position. The Venezuelan government may announce further changes to the exchange rate system in the future. To the extent a higher exchange rate is applied to our investment in Venezuela in future periods as a result of changes to existing regulations, subsequently adopted regulations or otherwise, our comprehensive income in Venezuela and financial condition could be further adversely affected. More generally, future currency devaluations or the imposition of exchange controls in any of the countries where we operate may potentially increase our operating costs, which could have an adverse effect on our financial position, results of operations and comprehensive income.

Risks Related to Our Holding of Heineken N.V. and Heineken Holding N.V. Shares

FEMSA does not control Heineken N.V.’s and Heineken Holding N.V.’s decisions.

On April 30, 2010, FEMSA announced the closing of the transaction pursuant to which FEMSA agreed to exchange 100% of its beer operations for a 20% economic interest in Heineken N.V. and Heineken Holding N.V. (which, together with their respective subsidiaries, we refer to as Heineken or the Heineken Group). As a consequence of this transaction, which we refer to as the Heineken transaction, FEMSA now participates in the Heineken Holding N.V. Board of Directors, which we refer to as the Heineken Holding Board, and in the Heineken N.V. Supervisory Board, which we refer to as the Heineken Supervisory Board. However, FEMSA is not a majority or controlling shareholder of Heineken N.V. or Heineken Holding N.V., nor does it control the decisions of the Heineken Holding Board or the Heineken Supervisory Board. Therefore, the decisions made by the majority or controlling shareholders of Heineken N.V. or Heineken Holding N.V. or the Heineken Holding Board or the Heineken Supervisory Board may not be consistent with or may not consider the interests of FEMSA’s shareholders or may be adverse to the interests of FEMSA’s shareholders. Additionally, FEMSA has agreed not to disclose non-public information and decisions taken by Heineken.