

MEXICAN ECONOMIC DEVELOPMENT INC
Form 6-K
May 24, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the month of May 2004

Mexican Economic Development, Inc.

(Translation of Registrant's Name Into English)

Mexico

(Jurisdiction of incorporation or organization)

General Anaya No. 601 Pte.
Colonia Bella Vista
Monterrey, Nuevo León 64410
México

(Address of principal executive offices)

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

(Check One) Form 20-F Form 40-F

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

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

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FEMSA will own 100% of its beer operations

Monterrey, Mexico - May 23, 2004 - Fomento Económico Mexicano, S.A. de C.V. ("FEMSA") (NYSE: FMX; BMV: FEMSA UBD, FEMSA UB), the Leader in Latin Beverages, announced today that

it has signed agreements to unwind its existing business relationship with Interbrew. There are several components to the transaction:

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FEMSA will acquire the 30% shareholding stake of FEMSA Cerveza currently owned by Interbrew for US\$1.245 billion in cash.

The rights to FEMSA Cerveza's beer brands in the United States will be assigned back to Wisdom Import Sales Co. LLC, a wholly owned subsidiary of FEMSA Cerveza, in redemption for its 30% interest in Labatt USA.

Pursuant to a transitional commercial agreement, Labatt USA will act as importer of the FEMSA Cerveza brands in the United States for a period of 120 days after the closing of the transaction.

FEMSA Cerveza is ready to take control of the import, marketing and distribution of its brands in the United States while also exploring alternative strategies for the U.S. market.

Closing of the transaction is subject to customary conditions, as well as to the closing of the transaction between Interbrew and AmBev, and to the availability of financing to consummate our transaction if it has not occurred by August 31, 2004.

José Antonio Fernández, Chairman and CEO of FEMSA, commented, "This transaction is happening at a great moment. This is an excellent time to increase our ownership in FEMSA Cerveza, as we begin to see positive signs that its transformation is bearing fruit. From the perspective of our shareholders, raising our interest in FEMSA Cerveza from 70% to 100% represents a significant increase in their participation in one of the world's most profitable beer markets, at the right time, and the right price."

"This transaction will also enable us to redefine the approach to our export strategy and increase the growth of our brands in the United States, which is FEMSA Cerveza's second major market."

"Today we are taking a key step in our ongoing effort to strengthen the long-term growth prospects for FEMSA, consolidating beer as a core element of our overall beverage platform", concluded Mr. Fernández.

FEMSA will pay Interbrew an amount of US\$1.245 billion in cash. Formal commitments are in place from top-tier financial institutions for a total of US\$950 million, of which US\$700 million may be drawn in Mexican Pesos and the remaining US\$250 million are to be drawn in dollars. Permanent funding is expected to be as follows:

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US\$295 million of cash on hand.

US\$150 million equivalent in a Peso-denominated unsecured term loan to FEMSA with maturity of 4 years.

US\$300 million equivalent in Peso-denominated Long Term Notes issued by FEMSA and backed by FEMSA Cerveza, with maturities of 5 and 6 years, expected to receive local currency Investment Grade credit ratings.

US\$500 million through a primary issue of FEMSA shares on the Mexican and New York Stock Exchanges. This primary issue of FEMSA shares is expected to raise between US\$500 and US\$650 million. Any amount exceeding US\$500 million will be used to prepay the 4-year term loan to FEMSA. The participants of FEMSA's Voting Trust have indicated their willingness to subscribe up to US\$260 million of newly issued FEMSA shares.

Closing of our transaction is expected to take place during the third quarter of 2004.

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This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities. There shall be no sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of such jurisdiction.

FEMSA is the leading beverage company in Latin America. It controls an integrated beverage platform that comprises the largest Coca-Cola bottler in the region, Coca-Cola FEMSA; the second largest brewer in Mexico and important beer exporter to the United States, FEMSA Cerveza; and Oxxo, the largest and fastest growing convenience store chain in Mexico with over 2,800 stores.

WEBCAST AND TELECONFERENCE INFORMATION:

FEMSA will host a live webcast and teleconference followed by a question and answer session on May 24, 2004 at 12:00 P.M. Eastern Time (11:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 1-800-915-4836 and International: 973-317-5319. The live webcast and slideshow can be accessed at <http://ir.femsa.com>

A replay of the webcast and teleconference, will be available immediately after the live event and until May 31, 2004 on our company website or by

dialing: Domestic U.S.: 1-800-428-6051 and International: 973-709-2089,
Passcode: 357606.



SIGNATURES

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

Date: May 24, 2004

Fomento Económico Mexicano S.A. de C.V.

By: /s/ Federico Reyes

Name: Federico Reyes

Title: Executive Vice President of Finance and Planning