CHEDRAUI®



EN CHEDRAUI CUESTA MENOS

CHEDRAUI
cuesta menos

ANNUAL REPORT 2010



CHEDRAUI®

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ABOUT US

Who we are

Chedraui is a leading Mexican retailer with operations in Mexico and the United States. In Mexico, we operate two formats distinguished by size and product offerings to target different cities and market niches: 120 Chedraui stores and 36 Super Chedraui stores. In the U.S. we operate 34 El Super stores. Through our real estate operations, we also administer our properties and develop new locations.

What differentiates us as a retailer

First, the lowest prices. We are truly committed to everyday lowest prices for each product we sell, and make daily price adjustments to ensure it.

Second, product selection. We carry a full range of brands within each product category and tailor store selection by climate, region, socioeconomics and client preference.

Third, shopping experience. Our stores are clean, modern and well labeled, and our associates provide superior customer service.

What differentiates us as an investment

• Mexico's fourth largest retailer with growing national presence and dominant footprint in the southeast.

• Same store sales growth above industry average; strong consistent record of revenue growth, increasing market share, healthy financial position.

• Highly efficient operations with attractive store productivity and ROIC.

• Compelling growth potential in both core markets: Mexico is fragmented with low supermarket penetration; the target Mexican-American population in the U.S. is fast growing.

• Experienced management team with significant M&A experience.

The title of this report,
"En Chedraui Cuesta Menos",
is also our corporate tagline and
the essence of who we are.
It translates to
"It costs less at Chedraui."



CHEDRAUI®

OUR US STORE LOCATIONS



34 US stores

US STORE LOCATIONS

1. **California** • El Super (28)
2. **Nevada** • El Super (2)
3. **Arizona** • El Super (4)

OUR MEXICO DISTRIBUTION CENTER LOCATIONS



3 Distribution Centers in Mexico

MEXICO DISTRIBUTION CENTER LOCATIONS

1. **Estado de Mexico** • Distribution Center (1)
2. **Tabasco** • Distribution Center (1)
3. **Nuevo León** • Distribution Center (1)

OUR MEXICO STORE LOCATIONS



MEXICO STORE LOCATIONS

1. **Tamaulipas** • Chedraui (8)
2. **San Luis Potosí** • Chedraui (2)
3. **Aguascalientes** • Chedraui (1)
4. **Querétaro** • Chedraui (4)
5. **Tlaxcala** • Super Chedraui (1)
6. **Jalisco** • Chedraui (4)
7. **Distrito Federal** • Chedraui (8)
8. **Morelos** • Chedraui (1)
9. **Estado de Mexico** • Chedraui (13) Super Chedraui (2)
10. **Guanajuato** • Chedraui (3) Super Chedraui (1)
11. **Michoacán** • Chedraui (1)
12. **Veracruz** • Chedraui (23) Super Chedraui (9)
13. **Puebla** • Chedraui (9) Super Chedraui (1)
14. **Guerrero** • Chedraui (1) Super Chedraui (6)
15. **Oaxaca** • Chedraui (3) Super Chedraui (3)
16. **Tabasco** • Chedraui (9) Super Chedraui (3)
17. **Campeche** • Chedraui (4) Super Chedraui (2)
18. **Chiapas** • Chedraui (4) Super Chedraui (3)
19. **Quintana Roo** • Chedraui (12) Super Chedraui (2)
20. **Yucatán** • Chedraui (6) Super Chedraui (2)
21. **Baja California Sur** • Chedraui (3)
22. **Hidalgo** • Super Chedraui (1)
23. **Nayarit** • Chedraui (1)

FINANCIAL HIGHLIGHTS

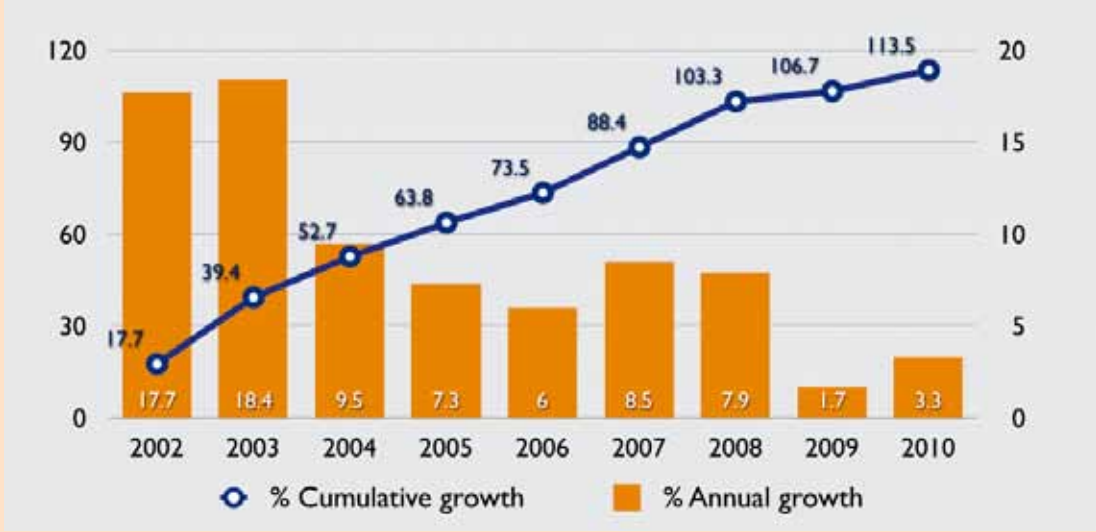
	2010	2009	% change
CONSOLIDATED INCOME STATEMENT*			
Net sales	52,794	47,901	10.2
Gross profit	10,572	9,522	11.0
Operating expenses (without depreciation)	7,197	6,412	12.3
EBITDA	3,375	3,110	8.5
Net majority income	1,428	1,349	5.9
Basic earnings per share	1.48	36.49	N/C
Total shares in circulation	963,917,211	36,971,616	
Share price at year-end	37.53	N/A	

CONSOLIDATED BALANCE SHEET*			
Cash	2,907	498	483.3
Inventory	6,329	4,533	39.6
Fixed assets (net)	20,718	18,388	12.7
Total assets	33,995	26,495	28.3
Suppliers	10,224	8,229	24.2
Total liabilities	17,977	15,686	14.6
Majority shareholders´equity	15,871	10,075	57.5

** Figures in million pesos*

STORE	UNITS	M²
Chedraui stores	120	874,786
Super Chedraui	36	75,124
El Super	34	128,757
Total	**190**	**1,078,667**

Same Store Sales Growth





We compare prices at the entrance of every store

Dear Shareholders:

We are pleased to report our annual results for the first time as a public company. On April 30 2010 we celebrated our initial public offering, the first IPO in Mexico after 20 months with no new issues. We are delighted that a broad group of stakeholders can now share in our future. In fact, demand for our shares was sufficient to put us on the IPC, an index of the 35 most widely traded companies in Mexico.

Chedraui might be new on the financial markets, but we have a much longer corporate history. Our first store opened 40 years ago in Xalapa, Veracruz, and since that time we have achieved uninterrupted self-funded growth, both organic and through acquisitions. Today, there are 120 Chedraui and 36 Super Chedraui stores in Mexico, making us the country's fourth largest retailer, and 34 El Super stores in the United States. In total, we have 190 stores across both markets.

And we're not done growing: in 2010 we opened 13 new stores in Mexico and three in the United States, and acquired three stores in Baja California and 10 in California. Our goal is by 2014 to double the number of stores we had at year-end 2009.

Our expansion strategy is to consolidate and grow our presence in the regions where we al-

"We are proud of our performance and have confidence about delivering continued results"

Alfredo Chedraui Obeso

ready operate, and to enter new regions that have good growth potential. We will leverage our strong brand recognition, broad distribution network and advanced logistics and IT capabilities to do this profitably.

The growth opportunity is certainly there. Mexico has low retail penetration compared to comparable economies, both overall and on a per capita basis, and there are numerous population centers around the country that are underserved. We also see a compelling opportunity for El Super in the United States based on the size of the Mexican-American community and their rising purchasing power. Moreover, we operate in fragmented markets, which gives us consolidation opportunities. Chedraui has a strong track record of successfully integrating acquisitions, having bought 25% of our current 190 stores.

We know our growth targets are ambitious, primarily because of the challenge of securing the right locations, but we are confident that we have the right formula for building customer loyalty, increasing market share and generating solid financial performance, with a commitment to improving return on invested capital.

At the heart of our strategy is a simple premise: First, the lowest prices. We are truly committed to everyday lowest prices for each product we sell, and make daily price adjustments to ensure it.

Second, product selection. We carry a full range of brands within each product category and tailor store selection by climate, region, socioeconomics and client preference.

Third, shopping experience. Our stores are clean, modern and well labeled, and our associates provide superior customer service.

The success of our formula is easy to measure: same store sales growth in Mexico was 3.3% in 2010, putting us in the lead among our peers.

Total revenues in 2010 were 52,794 million pesos, up 10.2% from 2009. Gross margin was 20%, compared to 19.9% in the previous year, while EBITDA margin was $3,375 million pesos and EBITDA per square meter was 3,129 pesos. Return on invested capital is another key metric we look at, with 10.3% generated in 2010. We anticipate a return to historic ROIC levels of 13%-14% by 2014, after new stores in this current growth phase are fully ramped up.

Growth timeline



Figures in billion pesos and store units

We are proud of our performance and have confidence about delivering continued results. However, success should not be judged by numbers alone. We also need to do right by our people and communities. To that end, we are focused on governance and environmental issues like energy, waste and water. Our philanthropic arm, the Chedraui Foundation, supports education, healthcare, social welfare and natural disaster relief through sponsorships, partnerships and direct giving.

Our associates are truly the company's most important asset – these are the people who interact with our customers every day and create the best shopping experience. We strive to maintain an organization that rewards engaged and qualified associates and offers them opportunities for development and advancement. We believe that our knowledgeable and enthusiastic associates foster customer loyalty and differentiate us from other retailers.

As we look ahead with anticipation at the next phase of our company, we hope you have the opportunity to visit our stores for a first-hand experience. With millions of loyal customers and growing market share, we think there is something for everyone to enjoy. We are grateful for our associates, customers, suppliers, partners and shareholders for being part of the Chedraui story, and we look forward to continuing the conversation in the coming years.

Sincerely,

Alfredo Chedraui Obeso
Chairman of the Board

José Antonio Chedraui Eguía
Chief Executive Officer



Bath & Body Department at store in the State of Mexico

Our Mission

"Offer customers the products they want, in all possible locations, and at the best prices."

Our strategy is based on a very clear mission: to offer our customers the products they want, in all possible locations, and at the best prices. It rests on three essential pillars:

Lowest price

We are truly committed to everyday lowest prices for each product we sell. It requires extensive price comparison efforts and quick response capacity. We make about 1,900 price adjustments daily on a centralized basis, and store managers make another 85,000 based on local competitors. Customers know we do this, and it keeps them loyal.

A wide selection of products

We carry a full range of brands within each product category, including value items. Store assortment is tailored to each location by climate, region, socio-economics and client preference. Our logistics system and custom-built distribution centers let us to do this very efficiently. The result is that customers always find what they're looking for.

Superior customer experience

Our clean, modern stores, wide aisles and clearly labeled departments, products and prices offer customers an attractive shopping environment, while trained associates provide superior customer service. Just ask our customers where they like to shop!





Our Business Model

This business model positions us to take full advantage of growth opportunities in Mexico and the U.S., and we believe it will drive our continued strong financial performance.

Our strategic objectives:

• *Continue expanding our store network in Mexico*

We see significant growth opportunities by consolidating our presence in the regions where we currently operate and participating in new regions around the country. We also expect market consolidation to offer acquisitions opportunities that can complement our existing platform. Our track record in opening profitable new stores and integrating acquisitions is already solid. In the past six years, we've grown from 64 stores to 156, more than doubling our size, and we believe our technology and logistics capability, combined with available distribution center capacity, can support an additional 150 stores over the next four years.

• *Grow revenues and market share by focusing on our core strengths*

The retail business is competitive, so we're sticking with what works: a unique position as a low-priced retailer with a broad assortment of quality merchandise and a superior shopping experience. We'll continue to promote our "Lowest Price" pricing strategy, to improve our product offering, and to increase average total ticket spend through a one-stop shopping environment. We're also enhancing brand recognition by expanding the use of our logo across all formats in Mexico and the United States. By taking advantage of our strong retail platform, purchasing power, economies of scale, private label development and customer service, we can continue to offer our customers the best prices and maintain competitive margins.

• *Maintain attractive returns on invested capital (ROIC)*

Robust operating performance and favorable supplier financing ratios put our ROIC at 10.3% in 2010. To maintain these levels we will continue to focus on efficient inventory management and capital deployment while maximizing cash flow generation, ensuring that new stores reach the targeted ROIC. The IT system currently being implemented will further support growth through enhanced inventory tools and fewer stock outs.

• *Deploy advanced information technology systems and platforms*

While our technology infrastructure, systems applications and business solutions are at the vanguard of the retail industry, we're still investing. Working with third-party vendors, our goal is to integrate global best practices into our current processes to facilitate our growth strategy. The current SAP implementation will further streamline daily operations and improve real-time responses to local market prices, reductions in inventory, waste and stock outs and optimize product distribution and on-time delivery.

• *Grow in the U.S. retail market*

With more than a decade of successful operations in southwestern United States we know the U.S. retail market and we have a deep understanding of our customer base. The Hispanic community, and in particular Mexican-Americans, present an important growth opportunity for us given their growing size and increasing purchasing power. We differentiate ourselves with an everyday low price strategy, a specific product offering based on Mexican-American preferences, and superior customer service with Spanish speaking associates. Our target areas include the Mexican-American communities surrounding Los Angeles, Tucson, Phoenix, Las Vegas and other select U.S. cities.

Left: World goods aisle at Chedraui Polanco, D.F.
Right: Seafood department associate

Mexican Retail

"There is considerable potential for growth as the sector becomes more mature. By 2014 we will double our 2009 size."





Bakery at Chedraui Polanco, D.F.



The Mexican retail sector is still largely fragmented, with consumers served by a number of formats such as independent grocery stores and food specialists, supermarkets and department stores, as well as street vendors and markets. While there has been some consolidation in recent years, we believe there is considerable potential for growth as the sector becomes more mature.

We belive consumer preferences shifting away from smaller, informal outlets toward larger, standardized supermarket and hypermarket chains that offer consumers superior value through greater merchandise selection, convenience and better prices.

Our target market is primarily the lower- to middle-income segment of the population. We estimate this represents approximately 80% of the total population in Mexico. Within that context, we operate two store formats based on the size of market they serve.

Most of our stores – and revenues – are in the Chedraui stores format which contains perishables, groceries, clothing, electronics and miscellaneous goods. In addition, many Chedraui stores contain separate specialty retail facilities operated by third parties, such as optical centers. With a wide range of brands and products in food and non-food catego-

Mexican Retail Figures

	Chedraui cuesta menos	Súper Chedraui cuesta menos
Stores	120	36
% of consolidated revenue	78%	8%
Target cities	100,000+	25,000+
Average sales floor	7,320 m^2	2,069 m^2
Average SKUs	57,000	29,000
Associates	23,691	3,821

ries, these stores service cities with populations of at least 100,000 inhabitants. We opened 11 new Chedraui stores in 2010.

We launched our smaller format store in 2005 under the name Super Che, which we are gradually renaming Super Chedraui in order to leverage our brand recognition. This format is generally for smaller cities and towns with populations of at least 25,000; these stores have smaller perishable, prepared foods and electronic departments than the Chedraui stores, and do not carry apparel. We opened 5 new Super Chedraui stores in 2010.

In both formats, the product offering is tailored to specific demographic, regional and local preferences. We have a dominant footprint in southeast Mexico and plan to meaningfully extend our presence in the rest of the country.



Chedraui entrance at the Coapa, D.F. store



Customers at the Fresh Deli department

Guillermo Gonzalez

Position: **Employee, Fresh Deli department**
Location: **La Paz, Baja California Sur**

"Chedraui is still relatively new to the northwest of Mexico, so our team is like an ambassador for the brand. It's not hard when you can give customers exactly what they're looking for – the lowest prices and the best selection."



Adriana Guzmán

Position: **Chedraui customer/ working mother**
Location: **Mexico City**

"With two kids and a job, I don't have to worry on who has the best prices for my products. At the end of a busy day, I go to Chedraui and I know I can find anything I need for my family at the best price."







Panoramic view of the Villahermosa distribution center in the state of Tabasco



U.S. Retail

"A top 10 small chain in the United States"



EL Super
cuesta menos



El Super entrance in Fresno, CA



Our U.S. retail operations are managed through Bodega Latina Corporation in which we hold a 72.04% stake. Bodega Latina operates 34 El Super stores that target the Mexican-American and other Hispanic communities in California, Nevada and Arizona, which we believe will have the highest growth rates of any ethnic group in the United States.

The El Super stores are the exclusive format for our U.S. retail operations. Each store offers a wide assortment of perishable items including fruits and vegetables, meat, deli, bakery and a tortilleria, all in a full customer service environment. Complementing the strong focus on perishables is an extensive assortment of key grocery items, many of which are from Mexican suppliers with production and distribution capacity in the United States, or focused on Mexican customer purchasing and eating habits.

Although El Super's operations are completely independent from the Mexican retail operations, we employ many of the same strategies and policies developed from our experience and know-how in the industry. All products are offered at significantly lower prices than those offered at conventional or large independent food retailers, and we utilize the same comparison shopping method to price our products at the lowest locally available price.

U.S. Retail Figures

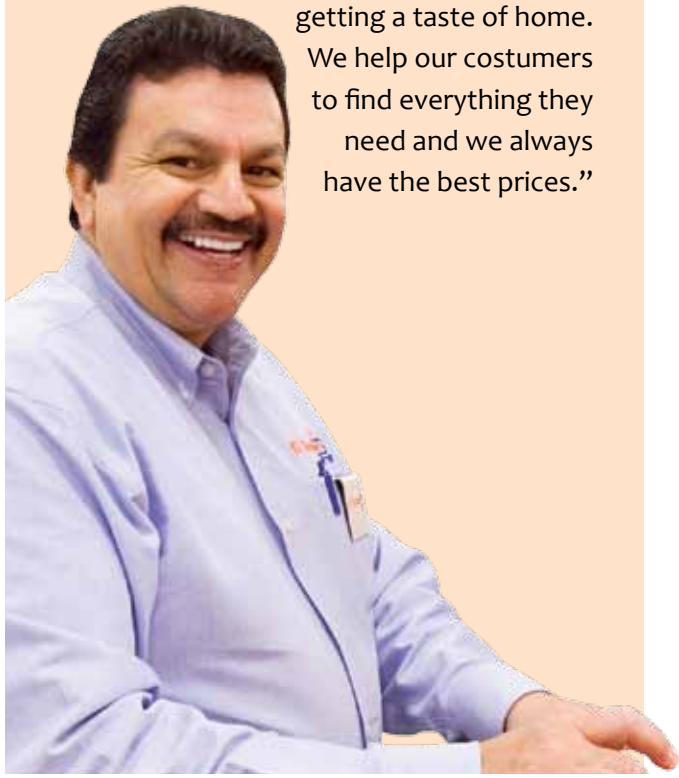
	El Super cuesta menos
Stores	34
% of consolidated revenue	17%
Target market	Hispanic / Mexican-Americans
Average sales floor	3,790 m^2
Average SKUs	5,000
Associates	3,900

We maintain a centralized purchasing department in the U.S. and do not import any goods from Mexico. Due to the parallel U.S. operations of many Mexican suppliers, all of the products sold in El Super are purchased in the United States.

El Super has been ranked by Supermarket News as a top 10 small chain in the United States, and we anticipate continued growth and success in this market.

Roberto García
Position: Fruits and vegetables
Location: Los Angeles, California

"Working at El Super is like getting a taste of home. We help our costumers to find everything they need and we always have the best prices."



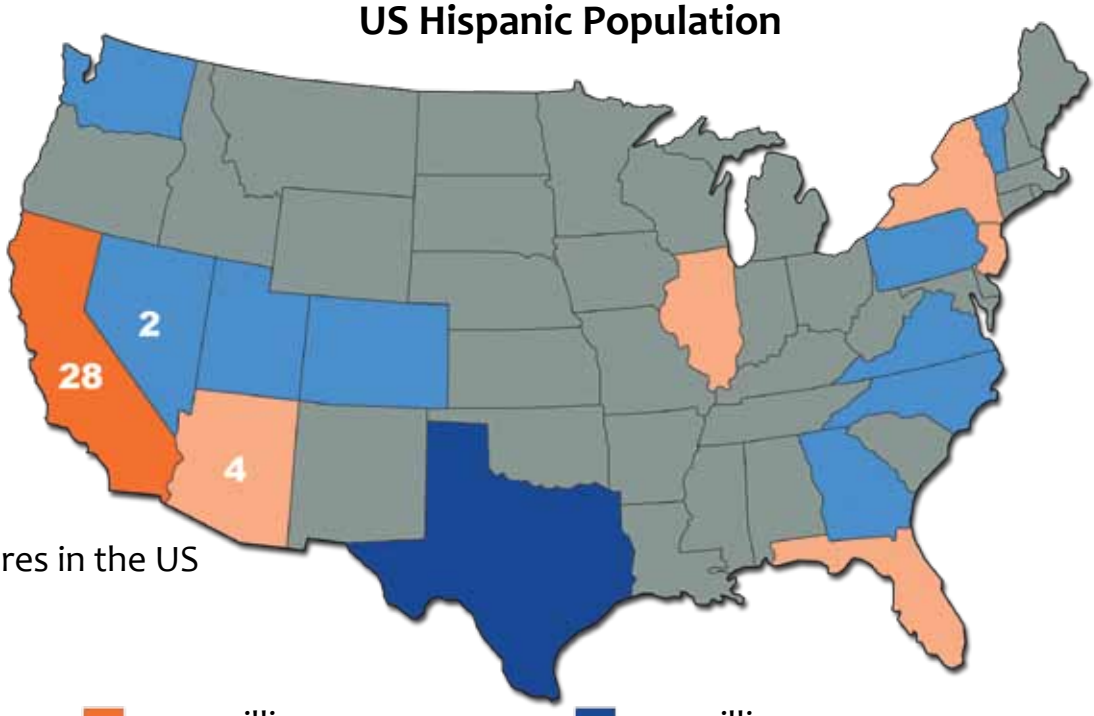


Bakery at El Super in Fresno, CA

The growth opportunity

Our target market in the U.S. is the approximately 30 million-strong Hispanic community in the southwest, and more specifically the Mexican-Americans who comprise 60% of that population. With continued immigration, higher birth rates and rising purchasing power, this community provides a compelling opportunity for our stores.

US Hispanic Population



34 stores in the US

< 10 million
< 5 million
< 1 million
< 500k





Entrance before opening in Phoenix, AZ

Real Estate Operations

"Adding value to our retail business in Mexico"





Retailers from inside one of our shopping centers



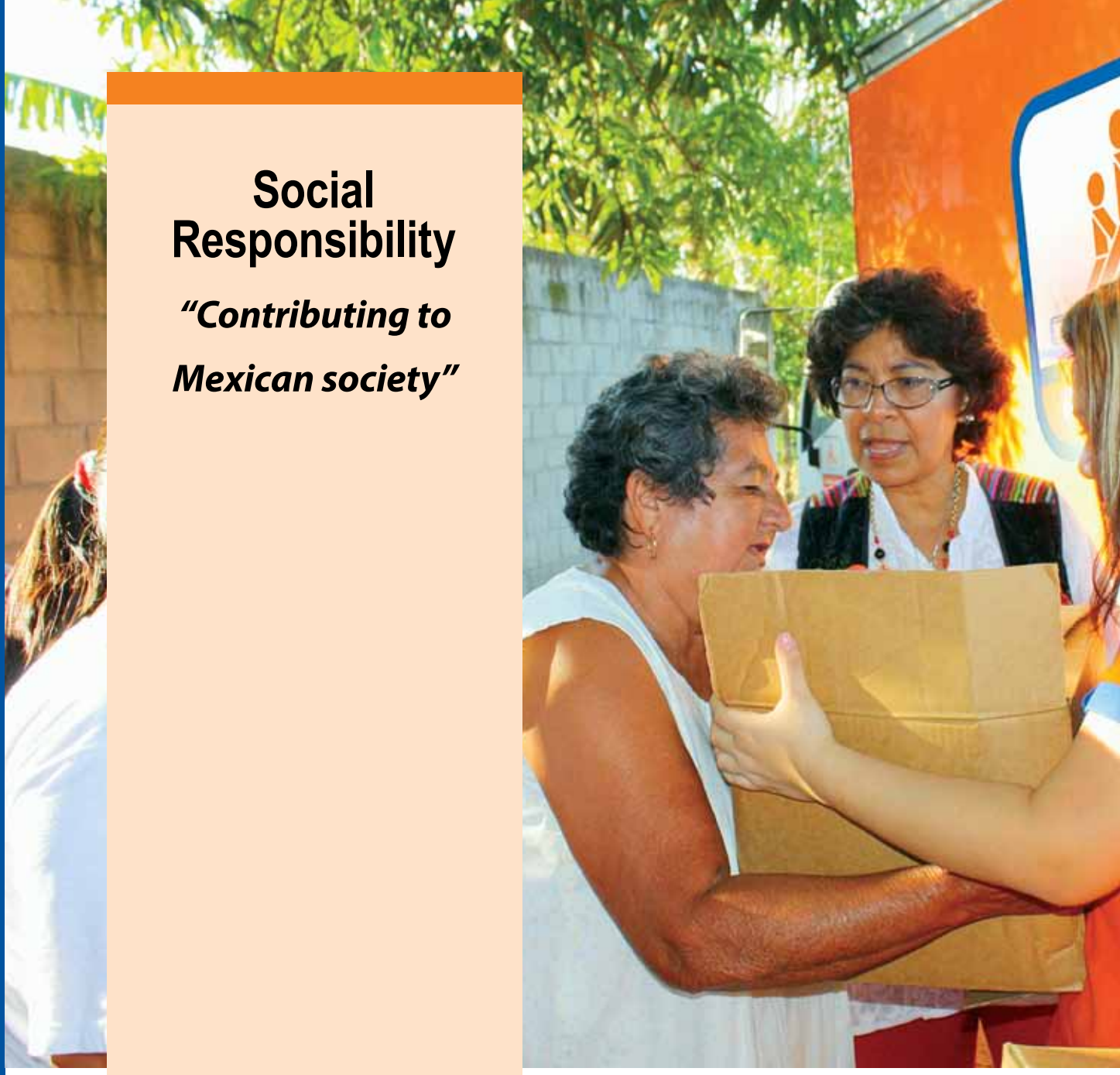
Our real estate operations add tangible value to our business, generating 1% of revenues in 2010, but more than 10% of EBITDA. The division is responsible for administration of our real estate in Mexico, both leased and owned, commercialization of our current shopping centers, expansion planning, and construction and remodeling of stores.

In our own commercial developments, in which our stores participate as anchor tenants, the remaining space is leased to third parties. The administration of these centers includes all services related to operational issues, legal matters, finance, and maintenance. Almost 70% of our stores are company-owned.

New store development is a key function of this division. We select geographic markets and store sites on the basis of demographic information, market studies, quality and nature of neighboring tenants, store visibility, traffic, public transportation, zoning and accessibility. The demographic variables include population density, household income, age and average number of occupants per household. The planning stage for opening a new retail store typically lasts six months and construction five to eight months, depending on format. We expect stores to reach maturity within their first two years of operation on average.

Real Estate Figures

Total tenant spaces and kiosks	**2,817**
Gross leasable area	**267,324 m²**
Occupancy rate	**93.31%**



Social Responsibility

"Contributing to Mexican society"

FUNDACIÓN® CHEDRAUI
ayudamos de corazón





In Chedraui, we care deeply about contributing to Mexican society. Our commitment to corporate social responsibility is broadly managed in four categories: corporate ethics, quality of life, community relations and environmental awareness.

Chedraui Foundation

Much of our philanthropic work is conducted through the non-profit Chedraui Foundation, which was established in 1996 to address the needs of the most vulnerable sectors of the population. We specifically focus on education, health, social welfare in Mexico and natural disaster relief. In 2010 we donated over $36.0 million pesos through the Chedraui Foundation.

In education, we created and continue to maintain the *Liceo de Artes y Oficios, A.C.* This educational institution, located on three campuses in Xalapa, Veracruz and Villahermosa, offers youths and adults of limited resources, as well as associates and their families, the opportunity to pursue diverse certifications and degrees to improve their employment options and ability to forge a better life for themselves and their families. The Liceo has approximately 2,200 students currently enrolled, and over 25,000 alumni have graduated since its founding. We also fund college scholarships for outstanding low-income students to pursue studies at the Uni-



Community support after a natural disaster



Veracruz after Hurricane Karl hit the city



Liceo de Artes y Oficios *school, Xalapa, Veracruz*

versidad Anahuac Xalapa and Universidad Veracruzana.

In the area of health and nutrition, we donate perishables that are in good condition to food banks and charitable institutions that distribute it to people in need. We donated over 2,500 tons of food in 2010. We also support hospitals, nursing homes and clinics through the Chedraui Foundation to provide medical care for those who lack the financial resources.

Our social welfare support includes natural disaster relief, such as the $8.3 million pesos contributed to thousands of families affected by heavy rains and flooding in



We make donations to hospitals and clinics

the states of Veracruz, Tabasco, Oaxaca, Tamaulipas and Chiapas this year. Through our "rounding-up" program at check-out counters, we distributed nearly $12.0 million pesos in 2010 to a range of education, training, health, nutrition and other social welfare programs around the country.

Also at the store level, we run recycling campaigns for customers and administer conservation programs that focus on our water, energy and gas consumption. We intend to formalize our environmental impact programs at the corporate level in 2011 to ensure that each store measures, monitors and improves its sustainability performance over time.

Our people

One of the key contributors to our success is the engaged participation of all our associates. We strive to maintain an organization that rewards competitive, engaged and qualified associates and offers them opportunity for development and advancement. As of December 31, 2010, we had a total of 33,018 associates. While high turnover rates are typical in the retail industry, we have made special efforts to improve the quality of life of our associates through measures such as comprehensive orientation, better training and rapid salary ramp-ups.

Associates are trained through Universidad Chedraui, a virtual classroom in which each employee is assigned classes and activities that foster the knowledge, abilities and attitudes necessary to complete their job effectively. We emphasize the values of honesty, commitment, respect and effectiveness in our associates and evaluate them on those factors. As a result, we believe that our prompt, knowledgeable and enthusiastic staff fosters the confidence and loyalty of our customers and differentiates us from other retailers.

In addition to Universidad Chedraui, we have a technology platform with a robust database that includes employee performance indicators for both technical and managerial skills. This enables us to continually develop actions plans and programs that benefit our associates.

Approximately half of our associates in Mexico are represented by unions, and the annual collective bargaining agreements continue to be negotiated to mutual benefit. In the United States, the less than 25% of our associates who are unionized were integrated as part of the Grupo Gigante acquisition in 2008, and we maintain good labor relations. We believe that successful working relationships are based on respect, and we know that mutual respect and cooperation will improve the productivity and quality of life for our associates, as well as the level of satisfaction of our customers.



Students working in the media room in Xalapa, Veracruz

GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS FOR FISCAL YEAR 2010

INCOME STATEMENT

Net Sales

Our revenues grew by 10.2% in fiscal year 2010, from $47,901 million pesos in 2009 to $52,794 million pesos in 2010. This increase was generated by the results of our three business segments as discussed below:

Retail Mexico:

Sales in our supermarket operations in Mexico grew by 7.5%, from $40,033 million pesos in 2009 to $43,022 million pesos in 2010, due to growth of 3.3% in same store sales and the addition of 16 new stores in the period, of which 3 were acquired in Baja California.

Retail United States:

Our supermarket operations in the United States posted growth of 25.6%, from $7,363 million pesos in 2009 to $9,251 million pesos in 2010, as a result of the addition of 13 new stores, of which 10 were acquired, as well as the partial impact of a 0.8% decline in same stores sales and the 6.9% appreciation in the exchange rate.

Real estate business:

Operations in our real estate business were very stable, with revenue growth of 3.2% compared to 2009, rising from $505 million pesos in 2009 to $521 million pesos in 2010 essentially as a result of increases in lease rates that were similar to the rate of inflation.

Gross Profit

Consolidated gross profit was $10,572 million pesos and rose 11.0% over 2009, slightly higher than the increase in sales, resulting in a gross profit margin of 20.0% that was higher than the 19.9% margin in 2009 thanks to greater efficiencies in logistics.

Operating Expenses

Consolidated operating expenses (excluding depreciation and amortization) totaled $7,197 million pesos, 12.3% higher than the $6,412 million pesos in 2009. This increase was principally attributable to pre-operating expenses at the 29 stores opened during the year, an increase in electricity costs in Mexico and maintenance payments for new systems licenses acquired in the fiscal period.

EBITDA

In light of the aforementioned results, consolidated EBITDA rose 8.5% to $3,375 million pesos, from the $3,110 million pesos achieved in 2009. The EBITDA margin was 6.4% and slightly lower than the 6.5% margin achieved in 2009. Results of the business segments were as follows:

Retail Mexico:

EBITDA in our stores in Mexico was $2,689 million pesos, 6.5% higher than the $2,525 million pesos in 2009. As a percentage of sales, EBITDA margin was 6.2%, lower than the 6.3% margin achieved in 2009.

Retail United States:

The US stores generated EBITDA of $338 million pesos, 38.1% above the $245 million pesos achieved in 2009, with a margin of 3.7%, which was higher than the 3.3% margin achieved in 2009 and included the effects of the 6.9% appreciation in the exchange rate.

Real estate business:

EBITDA of $348 million pesos in the real estate division was 2.1% higher than the $340 million pesos obtained in 2009 and represented an EBITDA margin of 66.7%, lower than the 67.4% margin achieved in 2009.

Comprehensive financial cost

Because of the capital obtained from the initial public offering at the end of April 2010, the comprehensive cost of financing benefited from lower interest expense and higher interest income, and totaled $624 million pesos, 16.3% lower than the $767 million peso cost in 2009. This figure represented 1.2% of sales in 2010, lower than the 1.6% ratio in 2009.

Income Taxes

The official tax rate increased from 28% to 30% in fiscal year 2010 and our effective tax rate was affected in the same proportion. Income taxes in 2010 were $421 million pesos and 24.7% higher than the $337 million pesos in 2009.

Net Profit

Lastly, consolidated net profit totaled $1,449 million pesos and was 4.0% higher than the $1,394 million pesos in net profit obtained in 2009. The net profit margin of 2.7% was slightly lower than the 2.9% margin reported in 2009. Other income and expense had an important impact on net profit because in 2009 a one-time $75 million peso gain was recorded from asset sales and adjustments to recoverable taxes, while in 2010 there were no such gains but one-time losses were on the sale of fixed assets. Excluding these factors, net profit in 2010 would have risen 15.3% above 2009 figure.

Debt and CAPEX

Net interest-bearing debt was $978 million pesos at December 31, 2010, 67.7% lower than the $3,029 million pesos at year end 2009.

CAPEX, including buildings, store and computer equipment and intangible assets, totaled $4,218 million pesos and enabled us to open 13 stores in Mexico and 3 stores in the United States, as well as to acquire 3 stores in Mexico and 10 in the United States.

Senior Executives

José Antonio Chedraui Eguia
Chief Executive Officer

José Antonio Chedraui Eguia has worked at Chedraui for the past 22 years and has been a member of the Board and CEO since January 1995. Prior to this position, he served as CEO of our Galas division. Mr. José Antonio Chedraui Eguia has a degree in accounting and finance from Universidad Anahuac.

Rafael Contreras Grosskelwing
Chief Financial Officer

Rafael Contreras Grosskelwing graduated as an industrial engineer from Universidad Panamericana, has a diploma in accounting and finance from ITAM, a specialization in senior management from IPADE, and a diploma in financial securities from ITAM. Mr. Contreras has served as CFO since September 2000 and has worked at Chedraui for the past 11 years.

Eduardo Guiot de la Garza
Director of Human Resources

Eduardo Guiot de la Garza holds a degree in industrial relations from Universidad Iberoamericana, completed his graduate studies in labor law and marketing at ITAM, and has an MBA from the School of Business Administration and Management ("ESADE"). Mr. Guiot has been the Director of Human Resources since August 1993 and has worked at Chedraui for the past 17 years.

Héctor Norberto González López
Internal Audit Manager

Héctor Norberto González López holds a degree in public accounting and a masters in planning and information systems from Universidad Iberoamericana, and specialization in senior management from IPADE. Mr. Gonzalez has served as Manager of Internal Audit since May 2003 and has worked at Chedraui for the past 7 years.

Alfredo Chedraui López
Director of Real Estate

Alfredo Chedraui López holds a degree in business administration from Universidad Anahuac and a diploma in economics from the University of California, Los Angeles. Mr. Chedraui has served as Director of Real Estate since 2005 and has worked at Chedraui for 10 years.

Pedro Benítez Obeso
Director of Real Estate Operations and Administration

Pedro Benítez Obeso holds a degree in business administration from Universidad Iberoamericana. Mr. Benitez has served as Director of Real Estate Operations and Administration since August 2006 and has worked at Chedraui for 27 years.

Alejandro Rafael Lara Hakim
Director of Construction

Alejandro Rafael Lara Hakim graduated as an architect from Universidad Veracruzana. Mr. Lara has been Director of Construction since August 1986 and has worked at Chedraui for 24 years.

Ricardo Salmón Valdés
Director of Expansion

Ricardo Salmón Valdés graduated as an architect from Universidad Anáhuac and completed the Certification Module C1 101 at the Instituto CCIM. Mr. Salmón has been Director of Expansion since January 2007 and has worked at Chedraui for 4 years.

Eduardo Fuentes Durán
Director of Operations

Eduardo Fuentes Durán holds a degree in electronic systems engineering from ITESM. Mr. Fuentes has been the Director of Operations since January 2009, and has worked at Chedraui for 10 years.

Federico Ortiz González
Commercial Director

Federico Ortiz González graduated as an industrial engineer from Universidad Anahuac and holds a masters in senior management from IPADE. Mr. González joined Chedraui as Commercial Director in October 2010 and has 20 years experience in the supermarket sector.

Cesar Alejandro Anaya Jiménez
Procurement Director

César Alejandro Anaya Jiménez holds a degree in business administration Universidad La Salle. Mr. Anaya has been Director of Purchasing since March 2007 and has worked at Chedraui for 20 years.

José Ramón Chedraui Eguia
Private Label Director

José Ramón Chedraui Eguia holds a degree in business administration from Newport University. Mr. Chedraui has been Director of Private Label since January 2007 and has worked at Chedraui for 16 years.

Martín Ruiz Chiarandani
IT Director

Martín Ruiz Chiarandani holds a degree in computer science from of the Center for Advanced Mathematics Studies at Universidad de Buenos Aires. Mr. Ruiz has been Director of IT since April 2010.

Arturo Eduardo Antonio Vasconcelos y de Pablo
Director of Logistics

Arturo Eduardo Antonio Vasconcelos y de Pablo holds a degree in administration from Universidad Anahuac. Mr. Vasconcelos has been Director of Logistics since June 2010.

Board of Directors

Alfredo Chedraui Obeso	***Chairman of the Board***
José Antonio Chedraui Obeso	*Director*
José Antonio Chedraui Eguia	*Director*
Agustín Irurita Pérez[1]	*Director*
Olegario Vázquez Aldir[1]	*Director*
Alejandro Ramírez Magaña[1]	*Director*
Federico Carlos Fernández Senderos[1]	*Director*
Clemente Ismael Reyes-Retana Valdés[1]	*Director*
Juan Félix Rodríguez Montemayor[1]	*Director*
Pablo Prudencio Collado Casares[1]	*Director*
Guillermo Ortiz Martínez[1]	Director

Audit and Corporate Practices Committee

Clemente Ismael Reyes-Retana Valdés[1]	*Chairman of the Audit and Corporate Practices Committee*
Juan Félix Rodríguez Montemayor[1]	*Member*
Pablo Prudencio Collado Casares[1]	*Member*

(1) Independent Director in accordance with the Market Value Law.



Auditing and Corporate Practices Committee Report

TO THE BOARD OF DIRECTORS
GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V.

In compliance with the provisions of articles 42 and 43 of the Securities Market Law and the recommendations set forth in the Code of Best Corporate Practices, on behalf of the Committee on Auditing and Corporate Practices of Grupo Comercial Chedraui, S.A.B. de C.V. (hereinafter the Committee and the Company), I am pleased to submit the Annual Report of the activities conducted by this committee during the fiscal year ended December 31, 2010.

The Committee met monthly during the year in order to analyze the results of operations and events relevant to the company and its subsidiaries. The Committee invited personnel from the company to attend these meetings as necessary to carry out its analysis.

I. ACTIVITIES RELATED TO AUDITING:

1. The Committee made an analysis of the internal control system and the principal aspects that require improvement and obtained the opinion of the independent auditors with respect to this system. The internal and external Audit Plans for fiscal year 2010 were reviewed and approved as well as the recommendations of the independent auditors for preventive and corrective actions to be taken to improve the internal control system. In our opinion, the company is operating under an adequate internal control environment.

2. The Committee evaluated the independent auditing firm that is responsible for expressing an opinion on the reasonableness of the financial information provided and its conformity to applicable accounting standards. Galaz, Yamazaki, Ruiz Urquiza, S.C., a member of Deloitte Touche Tohmatsu, and its partners are deemed to meet the requirements for auditing the company in an adequate manner. Accordingly, the Committee recommended the retention of this firm to issue its opinion on the financial statements for fiscal year 2010.

3. We assessed the additional services rendered by the auditing firm to the company and concluded that they do not impeded the issuance of an opinion on the financial information with the required independence and diligence.

4. The Committee reviewed the quarterly Consolidated Financial Statements of the Company and its subsidiaries. This review included the analysis and approval of the accounting policies, procedures and practices of the Company and its subsidiaries. For this purpose the Committee also obtained such additional information as it considered necessary from senior management of the Company and the independent auditors and recommended the publication of the Consolidated Financial Statements.

5. The Committee reviewed the risk factors that could affect the operations of the Company and its net worth with the Company's management and the independent and internal auditors and determined that such risks have been appropriately identified and managed.

6. The Committee held regular meetings with the Company's management to keep itself informed on its progress, relevant activities and events and unusual matters. The Committee also met with the independent and internal auditors to discuss their work and limitations that may have been encountered and to facilitate any private communications they might wish to have with the Committee.

7. The Committee followed up on the resolutions adopted at the shareholders' meeting and meetings of the Board of Directors.

II ACTIVITIES RELATED TO CORPORATE PRACTICES:

1. We obtained current information on the process of evaluating the performance of senior management.

2. We reviewed reports of transactions with related parties and verified that they were carried out at market prices and safeguarded the interests of the Company. Approval was therefore recommended to the Board of Directors.

3. We reviewed the compensation packages of the Chief Executive Officer and senior management and found no justification for any comments.

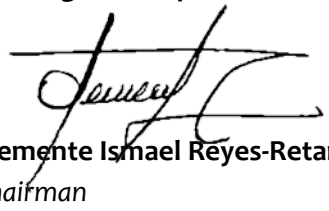
4. The Board of Directors did not grant any of the exemptions contemplated in article 28, Section III paragraph f) of the Securities Market Law.

5. The corporate policies of the Company were analyzed and approval was ratified.

6. The Committee evaluated and recommended to the Board of Directors the creation and implementation of a Share Repurchase Fund including management policies and this was duly approved at the Shareholders' Meeting of the Company.

Based on the work performed and the opinion expressed by the independent auditors on the financial information, this Committee believes that Grupo Comercial Chedraui, S.A.B. de C.V. has applied appropriate accounting policies and criteria and, therefore, that the financial information is reasonable. Accordingly, this Committee recommends that the Board of Directors submit the Financial Statements of Grupo Comercial Chedraui, S.A.B. de C.V. and Subsidiaries for the fiscal year ended December 31, 2010 for approval at the Shareholders' Meeting.

Sincerely,
Auditing and Corporate Practices Committee



Clemente Ismael Reyes-Retana Valdés
Chairman

Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Comercial Chedraui, S. A. B. de C. V.

We have audited the accompanying consolidated balance sheets of Grupo Comercial Chedraui, S. A. B. de C. V. and subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' 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 auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries as of December 31, 2010 and 2009; and the results of their operations, changes in their stockholders' equity and their cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards.

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited



C. P. C. Francisco Perez Cisneros
February 22, 2011

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Financial Statements
for the Years Ended December 31, 2010 and 2009,
and Independent Auditors' Report Dated February 22, 2011

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2010 and 2009

(In thousands of Mexican pesos)

Assets		2010		2009
Current assets:				
Cash and restricted cash	$	2,907,112	$	498,409
Accounts and notes receivable – Net *(Note 4)*		1,456,255		1,076,728
Recoverable taxes *(Note 5)*		781,746		523,355
Due from related parties *(Note 15b)*		82,289		120,573
Inventories – Net		6,328,699		4,532,542
Total current assets		11,556,101		6,751,607
Long-term due from related parties		-		514,536
Property and equipment – Net *(Note 7)*		20,605,687		18,272,000
Idle assets		112,427		115,665
Investment in shares of associated companies		31,828		31,039
Long-term accounts receivable		100,100		100,138
Other assets – Net *(Note 8)*		1,589,257		709,719
Total	$	33,995,400	$	26,494,704

See accompanying notes to consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2010 and 2009

(In thousands of Mexican pesos)

Liabilities and stockholders' equity		2010		2009
Current liabilities:				
Notes payables to financial institutions *(Note 9)*	$	52,701	$	336,287
Current portion of long-term bank loans *(Note 10)*		300,000		-
Trade notes and accounts payable		10,223,951		8,228,551
Accrued expenses and taxes		1,743,117		1,660,844
Total current liabilities		12,319,769		10,225,682
Bank loans *(Note 10)*		3,458,763		3,191,461
Deferred income tax *(Note 17c)*		1,013,994		936,044
Employee benefits *(Note 11)*		207,277		192,979
Derivative financial instruments *(Note 6)*		561,699		491,280
Receivables held in trust contracts *(Note 12)*		415,865		648,156
Total liabilities		17,977,367		15,685,602
Stockholders' equity *(Note 13)*:				
Capital stock		343,401		196,940
Retained earnings		11,290,943		10,086,853
Translation effects of foreign operations		16,849		39,721
Valuation of hedging derivatives		(310,426)		(248,476)
Premium in stock placement		4,530,519		-
Controlling interest		15,871,286		10,075,038
Noncontrolling interest		146,747		734,064
Total stockholders' equity		16,018,033		10,809,102
Total	$	33,995,400	$	26,494,704

See accompanying notes to consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2010 and 2009

(In thousands of Mexican pesos, except per share amounts)

Revenue		2010		2009
Net sales	$	52,794,067	$	47,901,279
Cost of sales		42,221,776		38,379,016
Gross profit		10,572,291		9,522,263
Operating expenses		7,992,267		7,098,608
Operating income		2,580,024		2,423,655
Other (expenses) income - Net		(71,120)		74,718
Income before comprehensive financing income, participation in the results of associate companies and income before income taxes		2,508,904		2,498,373
Comprehensive financing cost:				
Interest expenses		(521,593)		(676,969)
Interest income		126,707		110,828
Exchange gain		8,943		1,040
Valuation of derivative		(256,193)		(202,337)
		(642,136)		(767,438)
Participation in the results of associate companies		2,886		-
Income before income taxes		1,869,654		1,730,935
Income taxes *(Note 17)*		420,760		337,424
Consolidated net income	$	1,448,894	$	1,393,511
Controlling interest	$	1,427,903	$	1,348,966
Noncontrolling interest		20,991		44,545
Consolidated net income	$	1,448,894	$	1,393,511
Basic earnings per common share	$	2	$	35

See accompanying notes to consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2010 and 2009

(In thousands of Mexican pesos)

	Capital Stock	Premium in stock placement	Retained Earnings
Balances as of January 1, 2009	$ 196,940	$ -	$ 8,982,804
Result from sale of share	-	-	(244,917)
Comprehensive income	-	-	1,348,966
Balances as of December 31, 2009	196,940	-	10,086,853
Additional capital contribution	146,461	4,530,519	-
Dividends paid	-	-	(223,813)
Balances before comprehensive income	343,401	4,530,519	9,863,040
Comprehensive income	-	-	1,427,903
Acquisition of Non-controlling interest	-	-	-
Balances as of December 31, 2010	$ 343,401	$ 4,530,519	$ 11,290,943

See accompanying notes to consolidated financial statements.

Translation Effect of Foreign Operations	Valuation of Hedging Derivatives	Noncontrolling Interest	Total Stockholders' Equity
$ 92,476	$ (178,174)	$ 198,418	$ 9,292,464
-	-	506,235	261,318
(52,755)	(70,302)	29,411	1,255,320
39,721	(248,476)	734,064	10,809,102
-	-	-	4,676,980
-	-	-	(223,813)
39,721	(248,476)	734,064	15,262,269
(22,872)	(61,950)	(32,860)	1,310,221
-	-	(554,457)	(554,457)
$ 16,849	$ (310,426)	$ 146,747	$ 16,018,033

See accompanying notes to consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009

(In thousands of Mexican pesos)

	2010	2009
Operating activities:		
Income before income tax	$ 1,869,654	$ 1,730,395
Items related to investing activities:		
Depreciation and amortization	794,771	686,609
Gain on sale of property and equipment	89,927	(23,052)
Interest income	(126,707)	(110,828)
Derivative financial instruments		1,773
Equity in (income) loss of subsidiaries and associated companies	(789)	29,924
Employee benefits	14,298	25,863
Items related to financing activities:		
Interest expense	521,593	879,306
	3,162,747	3,220,530
(Increase) decrease in:		
Accounts receivable – Net	(379,527)	(178,173)
Inventories – Net	(1,796,157)	(478,128)
Other assets – Net	(258,391)	47,015
Due to related parties – Net	552,820	(442,547)
Trade notes and accounts payable	1,995,400	387,499
Other accounts payable	(260,534)	(391,334)
Income taxes paid	-	92,645
Net cash provided by operating activities	3,016,358	2,257,507
Investing activities:		
Purchase of property and equipment	(3,225,368)	(1,488,937)
Proceeds from sale of property and equipment	123,471	496,441
Installation cost	(992,787)	(234,035)
Acquisition of noncontrolling portion	(608,312)	-
Sale of shares by divestiture of affiliated	-	246,184
Interest received	126,707	88,584
Net cash used in investing activities	(4,576,289)	(891,763)
Financing activities:		
Repayments of borrowings	283,712	(825,749)
Interest paid	(521,593)	(878,674)
Dividends paid	(223,809)	-
Capital contribution	4,676,980	-
Derivative financial instruments	8,470	-
Repayments of trust financing	(232,254)	(324,118)
Net cash provided by (used in) financing activities	3,991,506	(2,028,541)
Net increase (decrease) in cash and restricted cash	2,431,575	(662,797)
Effects from changes in cash value	(22,872)	(52,755)
Cash at beginning of year (Including restricted cash)	498,409	1,213,961
Cash at end of year (Including restricted cash)	$ 2,907,112	$ 498,409

See accompanying notes to consolidated financial statements.

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

(In thousands of Mexican pesos)

1. Nature of business

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the Company) operate self-service stores that sell electronic goods, perishables and general merchandise, and are engaged in various real estate activities.

2. Basis of presentation

a. ***Explanation for translation into English*** - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of Mexican Financial Reporting Standards ("MFRS", individually referred to as *Normas de Información Financiera* or "NIFs"). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

b. ***Monetary unit of the financial statements*** - The financial statements and notes as of December 31, 2010 and 2009 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power.

c. ***Consolidation of financial statements*** - The consolidated financial statements include the financial statements of Grupo Comercial Chedraui, S.A.B. de C.V. and those of its subsidiaries as shown below:

Company or Group	Activity
Tiendas Chedraui, S. A. de C. V.	A chain of 156 self-service stores specializing in the sale of groceries, clothes and general goods including 36 self-service stores operating under the commercial name of Súper Chedraui.
División Inmobiliaria	A group of companies engaged in the acquisition, construction, marketing and lease of real property used for different activities.
División servicios	A group of companies providing administrative, transportation of goods and personnel services.
Bodega Latina Co.	A chain of 34 self-service stores located in the southern United States which operate under the commercial name of El Super.
Grupo Crucero Chedraui, S. A. de C. V.	A holding company with three real estate entities, a provider of administrative services and two companies of other services.

Significant intercompany balances and transactions have been eliminated.

d. ***Translation of financial statements of foreign subsidiaries*** - To consolidate financial statements of foreign subsidiaries, the accounting policies of the foreign entity are converted to MFRS using the currency in which transactions are recorded. The financial statements are subsequently translated to Mexican pesos considering the following methodologies:

Foreign operations whose functional currency is the same as the currency in which transactions are recorded translate their financial statements using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for assets and liabilities; 2) historical exchange rates for stockholders' equity, and 3) the rate in effect on the date of accrual of revenues, costs and expenses. Translation effects are recorded in stockholders' equity.

e. ***Comprehensive income*** - Represents changes in stockholders' equity during the year, for concepts other than distributions and activity in contributed common stock, and is comprised of the net income of the year, plus other comprehensive income (loss) items of the same period, which are presented directly in stockholders' equity without affecting the consolidated statements of income. In 2010 and 2009, other comprehensive income includes the effects of translation of foreign operations and valuation of hedging derivatives. Upon realization of assets and settlement of liabilities giving rise to other comprehensive income items, the latter are recognized in the consolidated statements of income.

f. ***Classification of costs and expenses*** - Costs and expenses presented in the consolidated statements of income were classified according to their function because this is the practice of the industry in which the Company operates.

g. ***Income from operations*** - It is the result of subtracting cost of sales and operating expenses from net sales. While NIF B-3, Statement of Income, does not require inclusion of this line item in the consolidated statements of income, it has been included for a better understanding of the Company's economic and financial performance.

h. ***Income before comprehensive financing income participation in the results of associate companies and income before income taxes*** - It is the result of subtracting other income and expenses from Income from operations. While NIF B-3, Statement of Income, does not require inclusion of this line item in the consolidated statements of income, it has been included for a better understanding of the Company's economic and financial performance

3. Summary of significant accounting policies

The accompanying consolidated financial statements have been prepared in conformity with MFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The

Company's management, applying its professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Company are as follows:

a. Accounting changes:

Beginning January 1, 2010, the Company adopted the following new NIFs:

NIF C-1, Cash and Cash equivalents.- Requires presentation of cash and restricted cash equivalents under the line item titled "cash and cash equivalents", as opposed to Bulletin C-1, which required these items to be separately presented; it replaces the concept "temporary investments payable on demand" with "readily available investments" and considers a characteristic of this type of investment a maturity within three months from the date of acquisition. Cash restricted was $231.283 and $147.612 as of December 31, 2010 and 2009, , respectively.

Improvements to Mexican Financial Reporting Standards 2010. The main improvements that generate accounting changes are as follows:

NIF B-1, Accounting changes and correction of errors.- Extended disclosures when the Company applies a specific new standard.

NIF B-2, Statement of cash flows.- A separate line item, "Effects from changes in cash value" is required, to show the impact on cash and cash equivalent balances of changes in value resulting from exchange fluctuations and changes in fair value, plus effects from conversion to the reporting currency of cash flows and balances from foreign operations as well as the effects of inflation associated with the cash flows and balances of any of the entities making up the group, that is in an inflationary economic environment.

NIF B-7, Business acquisitions.- Intangible assets or provisions may only be recognized when the acquired business is the lessee of an operating lease agreement on favorable or unfavorable conditions in relation to the market. This accounting change may be recognized retroactively but not beyond January 1, 2010.

NIF C-7, Investments in associated companies and other permanent investments.- The method to determine the effects of increases in the investment in an associated company is modified. It also requires that the effects of increases or decreases in the investment in an associated company be recognized in equity in income (loss) of associated companies, instead of under non-ordinary items in the statement of income.

NIF C-13, Related parties.- It requires that if the direct parent company or the ultimate parent company of the reporting entity does not issue financial statements available for public use, the reporting entity should disclose the name of the direct parent company or the closest indirect parent company that issues financial statements available for public use.

b. ***Reclassifications -*** Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2009 have been reclassified to conform to the presentation of the 2010 consolidated financial statements.

c. ***Recognition of the effects of inflation*** - Since the cumulative inflation for the three fiscal years prior to those ended December 31, 2010 and 2009, was 14.48% and 15.01%, respectively, the economic environment may be considered non-inflationary in both years. Inflation rates for the years ended 2010 and 2009 were4.40%, and 3.57%, respectively.

Beginning on January 1, 2008, the Company discontinued recognition of the effects of inflation in its financial statements. However, assets, liabilities and stockholders' equity include the restatement effects recognized through December 31, 2007.

d. ***Cash -*** Cash consists mainly of bank deposits in checking accounts and short-term investments, highly liquid and easily convertible into cash, maturing within three months as of their acquisition date, which are subject to insignificant value change risks. Cash is stated at nominal value; any fluctuations in value are recognized in comprehensive financing cost of the period.

e. ***Inventories and cost of sales*** - Inventories are stated at the lower of cost or realizable value, using the average cost.

f. ***Property and equipment -*** Property and equipment are recorded at acquisition cost. Balances from acquisitions made through December 31, 2007 were restated for the effects of inflation by applying specific cost and factors derived from the Mexican National Consumer Price Index (NCPI) through that date. Depreciation is calculated using the straight-line method based on the useful life of the related assets as of December 31, 2010 and 2009, as follow:

	Year
Buildings	50
Store equipment	11
Furniture and equipment	11
Vehicles	10

Comprehensive financing cost incurred during the period of construction and installation of qualifying property and equipment's capitalized and was restated for inflation through December 31, 2007 using the NCPI.

g. ***Investment in shares of associated companies*** - Investment in shares of associated companies are accounted for using the equity method. Under this method, the investment is initially recognized at the cost of acquiring the shares and adjusted thereafter for the change in the investor's share of net assets of the associated companies. The Company's share in the results of the associates is presented separately in the consolidated statements of income. If impairment indicators are present, investment in shares of associated companies is subject to impairment testing.

h. Impairment of long-lived assets in use - The Company reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the aforementioned amounts. Impairment indicators considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results, which in percentage terms in relation to revenues are substantially higher than that of previous years, obsolescence, competition and other legal and economic factors. The Company has not presented impairment indicators as at December 31, 2010 and 2009.

i. Financial risk management policy - The activities carried out by the Company expose it to a number of financial risks, including market risk (which encompasses foreign exchange, interest rate and price risks – such as investment in share certificates and commodity prices futures), credit risk and liquidity risks. The Company seeks to minimize the potential negative effects of these risks on its financial performance through an overall risk management program. The Company uses derivative and non-derivative financial instruments to hedge against some exposures to financial risks embedded in the balance sheet (recognized assets and liabilities) and off-balance sheet risks (firm commitments and highly probable forecasted transactions). Both, financial risk management and the use of derivative and non-derivative financial instruments are subject to Company policies approved by the Board of Directors and are carried out by the Company's treasury. The Company identifies, assesses and hedges financial risks in collaboration with its subsidiaries. The Board of Directors has approved written policies of a general nature with respect to the management of financial risks, as well as policies and limits associated to other specific risks; guidelines for permissible losses, when the use of certain derivative financial instruments is approved, or when such instruments can be designated as hedges, or when they do not qualify for hedge accounting, but rather for trading, which is the case of and certain interest rate and / or foreign currency forwards and swaps that have been contracted. Compliance by Company's management of established policies and exposure limits is reviewed by internal audit on an ongoing basis.

j. Derivative financial instruments - The Company obtains financing under different conditions. For variable rate debt instruments, interest rate swaps are entered into to reduce exposure to the risk of rate volatility, thus converting the interest payment profile from variable to fixed. These instruments are negotiated only with institutions of recognized financial strength and when trading limits have been established for each institution. The Company's policy is not to utilize derivative financial instruments for the purpose of speculation.

The Company recognizes all assets or liabilities that arise from transactions with derivative financial instruments at fair value in the consolidated balance sheet, regardless of its intent for holding them. Fair value is determined using prices quoted on recognized markets. If such instruments are not traded, fair value is determined by applying valuation techniques recognized in the financial sector.

When derivatives are entered into to hedge risks, and such derivatives meet all hedging requirements, their designation is documented at the beginning of the hedging transaction, describing the transaction's objective, characteristics, accounting treatment and how the effectiveness of the instrument will be measured.

Changes in the fair value of derivative instruments designated as hedges are recognized as follows: (1) for fair value hedges, changes in both the derivative instrument and the hedged item are stated at fair value and recognized in current earnings; (2) for cash flow hedges, changes in the effective portion are temporarily recognized as a component of other comprehensive income in stockholders' equity and then reclassified to current earnings when affected by the hedged item. The ineffective portion of the change in fair value is immediately recognized in current earnings

The Company discontinues hedge accounting when the derivative instrument matures, is sold, cancelled or exercised; when the derivative instrument does not reach a high percentage of effectiveness to compensate for changes in fair value or cash flows of the hedged item, or when the Company decides to cancel its designation as a hedge.

For cash flow hedges, upon discontinuing hedge accounting, the amounts recorded in stockholders' equity as a component of other comprehensive income remain there until the time when the effects of the forecasted transaction or firm commitment affect current earnings. If it is not likely that the firm commitment or forecasted transaction will occur, the gains or losses accumulated in other comprehensive income are immediately recognized in current earnings. When the hedge of a forecasted transaction has proven satisfactory, but subsequently the hedge fails the effectiveness test, the cumulative effects recorded within other comprehensive income in stockholders' equity are proportionately recorded in current earnings, to the extent that the forecasted asset or liability affects current earnings.

k. Goodwill - Goodwill represents the excess of the price paid on the market value of assets and liabilities assumed related to seventeen stores located in the south of Los Angeles, California, and three stores located in Baja California Sur, Mexico, for what was considered an intangible asset.

l. Provisions - Provisions are recognized for current obligations that arise from a past event, that will probably result in the use of economic resources, and that can be reasonably estimated.

m. Direct employee benefits - Direct employee benefits are calculated for services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly PTU payable, compensated absences, such as vacation and vacation premiums, and incentives.

n. Employee benefits from termination and retirement - Liabilities from seniority premiums, pension plans and retirement payments similar to pensions and severance payments are recognized as they accrue and are calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

o. Statutory employee profit sharing (PTU) - PTU is recorded in the results of the year in which it is incurred and presented under other income and expenses in the accompanying consolidated statements of income. In 2010 and 2009, deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed

that such difference will generate a liability or benefit, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

p. ***Income taxes*** - Income tax (ISR) and the Business Flat Tax (IETU) are recorded in the results of the year they are incurred. To recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur ISR or IETU and, accordingly, recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.

The tax on assets (IMPAC) that is expected to be recovered is recorded as a tax credit and is presented in the balance sheet under deferred taxes.

q. ***Foreign currency transactions*** - Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded as a component of net comprehensive financing income in the consolidated statements of income.

r. ***Revenue recognition*** - Revenues are recognized in the period in which the risks and rewards of ownership of the inventories are transferred to customers, which generally coincides with the delivery of products to customers in satisfaction of orders.

Lease revenues are recognized in the period in which they are rendered.

In 2009, the Company adopted International Financial Reporting Interpretations Committee (IFRIC) 13 "*Customer Loyalty Programs*" recognizing in revenues the fair value of the awards granted through the electronic purse program.

s. ***Earnings per share*** - Basic earnings per common share are calculated by dividing consolidated net income by the weighted average number of common shares outstanding during the year.

4. Accounts and notes receivable – Net

	2010	2009
Trade accounts receivable	$ 765,070	$ 639,994
Allowance for doubtful accounts	(3,541)	(30,388)
	761,529	609,606
Other accounts receivable	679,188	444,756
Notes receivable	15,538	22,366
	$ 1,456,255	$ 1,076,728

5. Recoverable taxes

	2010	2009
ISR paid in excess	$ 79,810	$ 119,089
Creditable Value Added Tax and Excise Tax	624,813	327,857
Others (primarily the wage credit subsidy)	77,123	76,409
	$ 781,746	$ 523,355

6. Derivative financial instruments

During 2009, the Company contracted an exchange rate forward contract on an obligation denominated in US dollars for US $20,400,000, which matures in February 2010, at an exchange rate of MX $13.16 per US $1.00. The economic hedge was classified as a trading derivative, so the exchange result of the forward was recorded in the comprehensive result of financing, offsetting the exchange result derived from the related liability.

Also, the Company has entered into interest rate collars in order to manage the interest rate risks on the loans received. On December 3, 2009, the Company entered into four such interest rate collars, whereby it pays or receives amounts calculated based on interest rates with a fixed floor and ceiling, linked to the 28 day Interbank Interest Rate (TIIE). The first of the collars, whose notional amount is MX $1,750 million, matures on August 4, 2017; the second, with a notional amount of MX $750,000,000, matures on September 29, 2012; the third, with a notional amount of MX $600,000,000, matures on June 29, 2012, and the fourth, with a notional amount of MX $782,000,000, matures on March 28, 2018. The notional amount and maturity dates of the derivative are linked to the hedged liabilities. During 2010, the Company paid interest at 11.12% and received weighted average interest at 4.91%. The difference was recorded within comprehensive financing income, offsetting the effect of the variable interest on the hedged loans.

The asset generated by the collars is recognized as other comprehensive income within stockholders' equity and will be subsequently recognized in current earnings.

7. Property and equipment - Net

		2010		2009
Buildings	$	16,563,272	$	15,026,086
Store equipment		4,437,337		3,881,144
Office furniture and equipment		1,328,216		1,301,710
Vehicles		197,527		206,968
		22,526,352		20,415,908
Accumulated depreciation		(7,677,159)		(7,312,399)
		14,849,193		13,103,509
Construction-in-progress		480,776		437,642
Land		5,275,718		4,730,849
	$	20,605,687	$	18,272,000

8. Other assets – Net

		2010		2009
Guarantee deposit	$	363,804	$	177,679
Goodwill		625,774		86,287
Other long-term assets		208,094		149,672
Software and licenses		634,200		403,155
		1,831,872		816,793
Accumulated amortization		(242,615)		(107,074)
	$	1,589,257	$	709,719

9. Notes payable to financial institutions

At December 31, bank loans directly contracted with different institutions and annual interest rates were as follows:

	2010	2009
Working capital note payable to BBVA Bancomer, S. A., Commercial bank, with an annual interest rate of 7.76%, maturing on January 4, 2010	$ -	$ 100,000
Working capital note payable to BBVA Bancomer Miami, Commercial bank for U.S. $ 4,300,000 with maturing on December 20, 2011. The interest rate as of December 31, 2010 was 0.75%	52,701	55,843
Working capital note payable to Banco Santander, S. A., Commercial bank, Grupo Financiero Santander, with an annual interest rate equal to the TIIE rate plus 2.8%, maturing in June 2010. The interest rate as of December 31, 2009 was 7.72%	-	180,444
Loans with financial institutions	$ 52,701	$ 336,287

10. Long-term bank loans

	2010	2009
Loan contracted with Banco Nacional de México, S. A. (Banamex) with guarantees granted by different subsidiaries, with an annual interest rate equal to the TIIE rate plus a financial margin ranging from 0.65 to 1.0 percentage points depending on the level of consolidated leverage, for a 10-year period as of September 2007. The interest rate as of December 31, 2010 was 5.42%.	$ 1,750,000	$ 1,750,000
Loan contracted with BBVA Bancomer, S. A. (BBVA), with guarantees granted by the different subsidiaries, with an annual interest rate equal to the TIIE rate plus a financial margin ranging from 0.60 to 1.0 percentage points, maturing on September 13, 2012. The interest rate as of December 31, 2010 was 5.41%.	750,000	750,000

Loan contracted with BBVA Bancomer, S. A. (BBVA), with guarantees granted by different subsidiaries, with an annual interest rate equal to the TIIE rate plus a financial margin ranging from 0.375 to 1.0 percentage points, maturing on June 12, 2012. The interest rate as of December 31, 2010 was 5.24%.	600,000	600,000
Loan contracted by Bodega Latina Co. with City National Bank for the amount of US$ 7,000,000 at the LIBOR rate plus 1.25% percentage points with a grace period of 2 years in the main payment.	-	91,461
Loan contracted by Bodega Latina Credit Co. with Wells Fargo Bank for the amount of US $ 53,342 to a 2.875 rate, with a grace period for the principal as of December 31, 2012.	658,763	-
Long-term debt	3,758,763	3,191,461
Less – Current portion	300,000	-
	$ 3,458,763	$ 3,191,461

At December 31, the maturities of the long-term portion of these liabilities are as follows:

	2010	2009
2011	$ -	$ 91,461
2012	1,708,763	1,350,000
2015	350,000	350,000
2016	700,000	700,000
2017	700,000	700,000
	$ 3,458,763	$ 3,191,461

11. Employee benefits

The Company maintains a defined benefit pension plan for all employees that pays benefits to employees who reach 65 years of age.

This plan also provides seniority premium benefits, which consist of a lump sum payment of 12 days' wage for each year worked, calculated using the most recent salary, not to exceed twice the minimum wage established by law. The related liability and annual cost of such benefits are calculated by an independent actuary on the basis of formulas defined in the plans using the projected unit credit method.

a. Present value of these obligations and the rates used for the calculations are:

	2010	2009
Defined benefit obligation	$ 173,808	$ 119,805
Plan assets at fair value	(3,576)	(6,098)
Funded status	170,232	113,707
Unrecognized items:		
Unrecognized transition obligations	2,603	3,807
Prior service costs, change in methodology and changes to the plan	-	3,910
Actuarial gains (*)	(45,239)	(22,690)
Unrecognized items (**)	(42,636)	(14,973)
Bodega Latina liability	17,116	28,314
Liability obligations to outsourcing	62,565	65,931
Net projected liability	$ 207,277	$ 192,979

* The change in methodology in 2010 includes the career salary concept and a change from net rates to nominal rates.

** The actuarial gains and losses include variances between actual figures and figures initially estimated, as well as variances in assumptions.

b. Nominal rates used in actuarial calculations are as follows:

	2010	2009
Discount of the projected benefit obligation at present value	7.75%	9.25%
Expected yield on plan assets	8.75%	8.75%
Salary increase	4.50%	4.50%

Unrecognized items are charged to results based on the estimated average remaining service lives of employees, which is 5 years.

c. Net cost for the period includes the following items:

		2010		2009
Service cost	$	21,584	$	19,203
Financing cost		9,949		8,347
Expected yield on plan assets		(399)		(579)
Transition liability		(1,270)		(1,237)
Plan improvements		1,939		3,311
Actuarial gains		2,579		1,013
Effect of reduction or early liquidation		-		(235)
Adjustment for immediate recognition of gain		40,327		18,608
Net cost of the period	$	74,709	$	48,431
Bodega Latina's, net cost of the period	$	(11,198)	$	10,921
Liability obligations to outsourcing		(3,366)		21,789
Payments applied to accrual		(45,847)		(55,278)
Net cost of the period	$	14,298	$	25,863

d. Changes in present value of the defined benefit obligation:

		2010		2009
Present value of the defined benefit obligation as of January 1	$	119,805	$	102,749
Service cost		(23,642)		19,203
Financing cost		9,949		8,347
Actuarial loss on the obligation		67,696		(10,495)
Present value of the defined benefit obligation as of December 31	$	173,808	$	119,805

12. Receivables held in trust contracts

The Company, in conjunction with six group subsidiaries (trustors), created a nonbusiness trust with Supervisión y Mantenimiento de Inmuebles, S.A. de C.V. (Supermant), in which a full-service bank was designated as trustee, instructed by Supermant to enter into a credit agreement with another full-service bank, while rights to accounts receivable, the existing and future collection rights under certain lease agreements, advertising and parking of the trustees were assigned to the bank under an assignment contract.

The trust contract requires a cash reserve to be maintained, which will be recovered at the time such contract is terminated. Such reserve is presented in non-current assets as a long-term receivable.

In accordance with the trust contract, as the collection rights are realized, the results obtained are used to cover the trust's expenses, which are comprised mainly of the remainder will be applied as an advance payment of the debt. If such remainder is insufficient to cover the minimum payment of the debt, the shortfall is obtained from the cash reserve mentioned in the preceding paragraph, which must be replenished with the realization of the future collection rights. If the reserves were insufficient, the trustors may assign and contribute eligible collection rights in favor of the trustee which will enable such omission to be corrected. Based on the Company's projections regarding the portfolio dispositions and recovery, management estimates that the credit will be repaid before the end of the original term agreed.

As of December 31, 2010 and 2009, the Company had recorded a balance of rights for $382,747 and $648,156, respectively, and a long-term account receivable for $89,053 and $89,070, respectively.

The revenue is recognized in the results of each year based on the percentage in which such collection rights are earned or realized.

13. Stockholders' equity

a. As of December 31, 2010, common stock is comprised of 963,917,211 ordinary shares without par value. Fixed capital stock may not be withdrawn. Variable capital may not be greater than ten times fixed capital.

b. A stockholders' ordinary and special meeting held on April 5, 2010 approved the following: 1) carry out a split of the common stock shares, increasing from 36, 971, 616 to 817,452,422 ordinary, nominative shares at no par value; and 2) carry out the offering for subscription and sale of common stock shares, by issuing 146,464,789 shares in a primary public offering. This placement generated a net share issue premium of $4,530,519.

c. In October 2009, Vogt, a subsidiary of Grupo Comercial Chedraui, S. A. B. de C. V., sold its 5.07% equity in Grupo Crucero Chedraui, S.A. de C. V. (subsidiary of Grupo Comercial Chedraui, S. A. de C.V.) to a two stockholders of the holding company. As this transaction did not result in the holding company's loss of control of the subsidiary, the difference between the amount of adjustment to non-controlling participation and the fair

value of the consideration received was recognized in stockholders' equity, as indicated in the accompanying statement of changes in stockholders' equity.

d. At the General Ordinary of Shareholders' meeting held on April 7, 2010, it was agreed the payment of dividends by $223,813.

e. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2010 and 2009, the legal reserve, in historical pesos, was $7,394.

f. Stockholders' equity, except for restated paid-in capital and tax retained earnings will be subject to ISR payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated ISR of the year in which the tax on dividends is paid and the following two fiscal years.

g. Net consolidated income tax account as of December 31, 2010 and 2009 is $1,319,052 and $780,074, respectively.

14. Foreign currency balances and transactions

a. As of December 31, the foreign currency monetary position is as follows:

	2010	2009
U.S. dollars:		
Monetary assets	$ 136,076	$ 51,487
Monetary liabilities	168,796	67,853
Net monetary asset position	32,720	$ 16,366
Equivalent in Mexican pesos	$ 404,092	$ 213,904

b. Approximately 1.5% and 1.4% of inventory purchases were imported by the Company in 2010 and 2009, respectively.

c. Transactions denominated in thousands of U.S. dollars during the years ended December 31, 2010 and 2009 mainly represent import purchases of $46,820 and $37,053, respectively.

d. Mexican peso exchange rates in effect at the dates of the consolidated balance sheets and at the date of issuance of these financial statements were as follows:

	December, 31 2010	2009	February, 22 2011
U.S. dollar	$ 12.35	$ 13.07	$ 12.06

15. Transactions and balances with related parties

a. Transactions with related parties, carried out in the ordinary course of business were as follows:

	2010	2009
Interest received	$ 8,976	$ 30,356
Lease revenues	1,120	977
Administrative revenues	182	182

b. Due from related parties are as follows:

	2010	2009
Operadora de Inmobiliarias del Sureste, S. A. de C. V.	$ 57,613	$ 63,191
Chefu de Tuxpan, S. A. de C. V.	14,634	25,940
Factoring Corporativo, S. A. de C. V.	-	14,428
Hípico Coapexpan, S. A. de C. V.	5,775	2,779
Supervisión y Mantenimiento de Inmuebles, S. A. de C. V.	3,680	12,947
Other	587	1,288
	$ 82,289	$ 120,573

c. Long term accounts receivable from related parties are related to transactions with shareholders of the Company.

d. The average employee benefits granted to key personnel of the Company were as follows:

	2010	2009
Direct compensation	$ 84,892	$ 62,809
Variable compensation	53,138	44,746
	$ 138,030	$ 107,555

16. Comprehensive financing income

In 2010 and 2009, qualifying assets of $145,958 and $701,995, respectively, were acquired; capitalized comprehensive financing cost (CFC) was $4,616 and $26,612, respectively, as follows:

		2010		2009
Capitalized CFC by asset type:				
Building	$	4,616	$	17,851
Construction-in-progress		-		8,761
	$	4,616	$	26,612

CFC capitalization was determined using an average annualized rate of 7.6% and 9.29% in 2010 and 2009, respectively.

17. Income taxes

The Company and Grupo Crucero Chedraui, S. A. de C. V. (a subsidiary included in the accounting consolidation) have separate authorization from the Treasury Department to determine income tax and asset tax (the latter until it was eliminated in 2007) under the tax consolidation regime, together with its direct and indirect subsidiaries, as stipulated in the respective laws.

The management of the Group has considered the possibility of incorporating the companies of Grupo Crucero Chedraui, S. A. de C. V. into its consolidation regime, for which purpose certain legal and administrative requirements must be fulfilled.

The Company is subject to ISR and IETU.

The ISR rate is 30% for 2010 through 2012 and was 28% in 2009; it will be 29% for 2013 and 28% for 2014.. The Company pays ISR, together with subsidiaries on a consolidated basis.

On December 7, 2009, amendments to the ISR Law were published, to become effective beginning in 2010. These amendments state that: a) ISR relating to tax consolidation benefits obtained from 1999 through 2004 should be paid in installments beginning in 2010 through 2014, and b) ISR relating to tax benefits obtained in the 2005 tax consolidation and thereafter, should be paid during the sixth through the tenth year after that in which the benefit was obtained. Payment of ISR in connection with tax consolidation benefits obtained from 1982 (tax consolidation starting year) through 1998 may be required in those cases provided by law

IETU - Revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. Beginning in 2010, the IETU rate is 17.5% and it was 17% in 2009. The Asset Tax (IMPAC) Law was repealed

upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid for the first time, may be recovered, according to the terms of the law In addition, as opposed to ISR, the parent and its subsidiaries will incur IETU on an individual basis).

Income tax incurred will be the higher of ISR and IETU.

a. Income tax is as follows:

ISR expense:		**2010**		**2009**
Current	$	315,211	$	292,509
Deferred		105,549		44,915
	$	420,760	$	337,424

b. The effect ISR rate as of December 31, differs from the statutory rate as follows:

	2010	**2009**
Statutory rate	30%	28%
Effects of inflation	(10%)	(3%)
Change in the valuation of allowance for recoverable tax on assets	3%	(4%)
Other	-	(1%)
Effective rate	23%	20%

c. The main items originating a net deferred ISR liability are:

	2010	2009
Deferred ISR asset:		
Tax loss carryforward effect	$ 58,690	$ 173,025
Allowance for doubtful accounts	1,062	8,812
Inventory shrinkage	42,125	37,856
Customer advances	80,476	72,321
Accrued liabilities	141,133	126,831
Derivative financial instruments	27,540	12,861
Deferred ISR asset	351,026	431,706
Deferred ISR (liability):		
Prepaid expenses	(24,693)	(22,191)
Tax inventory of 2004, not yet taxable	(57,460)	(51,637)
Property and equipment	(1,765,632)	(1,915,887)
Deferred ISR liability	(1,847,785)	(1,989,715)
Recoverable IMPAC paid	966,249	1,056,455
Valuation allowance for recoverable tax on asset	(483,484)	(434,490)
Net deferred ISR liability	$ (1,013,994)	$ (936,044)

d. The benefits of restated tax loss carryforwards and recoverable IMPAC for which the deferred ISR asset and tax credit, respectively, have been recognized, can be recovered subject to certain conditions. Restated amounts as of December 31, 2010 and expiration dates are:

Year of Expiration	Tax Loss Carryforwards	Recoverable Tax on Assets
2011	$ -	$ 71,197
2012	-	133,588
2013	-	162,457
2014	-	162,612
2015	-	143,756
2016	-	167,890
2017	-	124,749
2018	-	-
2019	-	-
2020	195,634	-
	$ 195,634	$ 966,249

18. Commitments

The Company has entered into operating leases for buildings and equipment operation. Some of these contracts require that the fixed portion of income is reviewed annually, waiting for contracts to expire are renewed or replaced by similar agreements. In 2010 and 2009, rent expense totaled approximately $477,291 and $400,127, respectively.

19. Contingencies

a. As of December 31, 2010, the Company has promoted certain rulings for relief and has submitted several lawsuits seeking relief, as well as certain claims for annulment in disputes against the tax authority, and has also filed an appeal against the revocation of a tax credit for which legal conclusions thereon by legal counsel have not been obtained because of its current status.

b. Except for the aforementioned point, neither the Company nor its assets are subject to any legal action other than those that arise in the normal course of business

20. Business segment information

Operating segment information is presented according to management's criteria. In addition, general information is presented by product, geographical area and homogeneous customer groups.

a. Analytical information by operating segment

Segment	Total revenues 2010	2009
Mexico retail	$ 43,022,207	$ 40,033,107
USA retail	9,250,869	7,363,113
Real estate	520,991	505,059
Consolidated	$ 52,794,067	$ 47,901,279

Segment	Income before comprehensive financing income, participation in the results of associate companies and Income before income taxes 2010	2009
Mexico retail	$ 1,987,177	$ 2,025,673
USA retail	200,619	163,901
Real estate	321,108	308,799
Consolidated	$ 2,508,904	$ 2,498,373

	Leasehold - Intersegment 2010	2009
Mexico retail	$ 1,410,183	$ 2,027,579
Real estate	(1,410,183)	(2,027,579)
	$ -	$ -

Segment	Total assets 2010	2009
Mexico retail	$ 25,638,438	$ 22,040,830
USA retail	1,996,127	1,402,624
Real estate	2,118,072	1,212,139
Unassigned items	4,242,763	1,758,208
Consolidated	$ 33,995,400	$ 26,413,801

	Depreciation and amortization 2010	2009
Mexico retail	$ 629,417	$ 555,366
USA retail	138,639	99,632
Real estate	26,714	31,611
Consolidated	$ 794,770	$ 686,609

	Net investments in property and equipment 2010	2009
Mexico retail	$ 1,919,676	$ 675,278
USA retail	334,577	388,838
Real estate	114,328	(2,390)
Unassigned items	(38,131)	(2,377)
Consolidated	$ 2,330,450	$ 1,059,349

21. New accounting principles

As part of its efforts to converge Mexican standards with international standards, in 2009, the Mexican Board for Research and Development of Financial Information Standards ("CINIF") issued the following Mexican Financial Reporting Standards (NIFs), Interpretations to Financial Information Standards (INIFs) and improvements to NIFs applicable to profitable entities which become effective as follows:

B-5, Financial Segment Information, and
B-9, Interim Financial Information
C-4, Inventories
C-5, Advance Payments and Other Assets
Improvements to Mexican Financial Reporting Standards 2011

Some of the most important changes established by these standards are:

NIF B-5, Financial Segment Information – Uses a managerial approach to disclose financial information by segments, as opposed to Bulletin B-5, which also used a managerial approach but required that the financial information be classified by economic segments, geographical areas, or client groups. NIF B-5 does not require different risks among business areas to separate them. It allows areas in the preoperating stage to be classified as a segment, and requires separate disclosure of interest income, interest expense and liabilities, as well as disclosure of the entity's information as a whole with respect to products, services, geographical areas and major customers. Like the preious Bulletin, this Standard is mandatory only for public companies or companies in the process of becoming public.

NIF B-9, Interim Financial Information – As opposed to Bulletin B-9, this Standard requires presentation of the statement of changes in stockholders' equity and statement of cash flows, as part of the interim financial information. For comparison purposes, it requires that the information presented at the closing of an interim period contain the information of the equivalent interim period of the previous year, and in the case of the balance sheet, presentation of the previous years' annual balance sheet.

NIF C-4, Inventories.- This standard eliminates direct costing as a system of valuation and the last-in first-out valuation method. It requires that the amendment relating to the acquisition cost of inventory on the basis of cost or market value, whichever is less, be made only on the basis of net realizable value. It also sets rules for valuing inventory of service providers. It clarifies that, in the case of inventory acquisitions by installments, the difference between the purchase price under normal credit terms and the amount paid be recognized as a financial cost during the financing period. The standard allows that, under certain circumstances, the estimates for impairment losses on inventories that have been recognized in prior periods be reduced or canceled against current earnings of the period where changes to estimates are made. It also requires disclosing the amount of inventories recognized in the results of the period, when cost of sales includes other elements, or when part of cost of sales is included as part of discontinued operations, or when the statement of income is classified according to the nature of the P&L items and no

cost-of-sales line item is presented, but rather the individual elements making up cost. It requires disclosing the amount of any impairment losses on inventories recognized as cost of the period. It also requires that any change in the cost allocation method be treatede as an accounting change. As well, it requires that advances to suppliers from the time when the risks and benefits of ownerhip are transferred to the Company, be recognized as inventories.

NIF C-5, Advance Payments and Other Assets.- This standard sets as a basic feature of advance payments the fact that they do not yet transfer to the Company the risks and benefits of the ownership of goods and services to be acquired or received. Therefore, advances for the purchase of inventories or property, plant and equipment, among others, must be presented in the advance payments line item not in inventory or property, plant and equipment, respectively. It requires that advance payments be recognized as an impairment loss when they lose their ability to generate future economic benefits. This standard requires advance payments related to the acquisition of goods to be presented in the current or noncurrent sections of the balance sheet, based on their respective classification.

Improvements to Mexican Financial Reporting Standards 2011.- The main improvements generating accounting changes that should be recognized in fiscal years starting on January 1, 2011 are as follows:

NIF B-1, Accounting Changes and Error Corrections.- This standard requires that if the entity has implemented an accounting change or corrected an error, it should present a retroactively adjusted statement of financial position at the beginning of the earliest period for which comparative financial information with that of the current period is presented. It also requires that each line item in the statement of changes in stockholders 'equity shows: a) initial balances previously reported, b) the effects of the retroactive application for each of the affected items in stockholders' equity, segregating the effects of accounting changes and corrections of errors, and c) the beginning balances retroactively adjusted.

NIF B-2, Statement of Cash Flows.- This standard eliminates the requirement to show the excess cash to be applied in financing activities, or cash to be obtained from financing activities line items, to leave its presentation as a recommendation.

Bulletin C-3, Accounts Receivable.- This Bulletin includes standards for the recognition of interest income from accounts receivable, and clarifies that it is not possible to recognize accrued interest income derived from receivables considered difficult to recover.

NIF C-10, Derivative Financial Instruments and Hedging Activities.- The standard establishes specific cases when a component of a derivative financial instrument should be excluded when determining hedge effectiveness. The standard also requires that for valuation of options and currency forwards, certain components be excluded for purposes of determining effectiveness, thus resulting in recognition, presentation and pertinent disclosure in the following cases: a) valuation of derivative financial instruments such as an option or a combination of options: changes in fair value attributable to

changes in the intrinsic value of the options may be separated from changes attributable to their extrinsic value and only the change attributable to the option's intrinsic value, and not the extrinsic component, may be designated as effective hedging; and b) valuation of currency exchange forwards: separation of the change in fair value relating to the element attributable to differences between interest rates of the currencies to be exchanged from the change in fair value attributable to the component of changes in the spot prices of the currencies involved is possible, and the effect attributable to the component that was excluded from the cash flow hedge may be recognized directly in current earnings. The hedge accounting is limited when the transaction is carried out with related parties whose functional currencies are different among them. The standard requires that when the hedged position is a portion of a portfolio of financial assets or financial liabilities, the effect of the hedged risk relating to variances in the interest rate of the portion of such portfolio be presented as a supplement of the primary position, in a separate line. It also states that contribution or margin accounts received, associated with transactions for trading or hedging with derivative financial instruments, be presented as a financial liability separately from the financial instruments line item when cash or marketable securities are received and that only their fair value be disclosed if securities in deposit or qualifying financial warranties are received that will not become the property of the entity. The standard also states that a proportion of the total amount of the hedging instrument, such as a percentage of its notional amount, may be designated as hedging instrument in a hedging relationship. However, a hedging relationship cannot be designated for only a portion of the term in which the instrument intended to be used as hedge is in effect.

NIF C-13, Related Parties.- This standard defines a close family member as a related party and considers all persons who qualify as related parties or, excludes those who, despite the family relationship, are not related parties.

Bulletin D-5, Leases.- Bulletin D-5 removes the obligation to determine the incremental interest rate when the implicit rate is too low; consequently, it establishes that the discount rate to be used by the lessor to determine the present value should be the implicit interest rate of the lease agreement. It eliminates the requirement to use the lower interest rate between the incremental interest rate and the implicit interest rate of the lease agreement to determine the present value of minimum lease payments the lessee may capitalize. It requires using the implicit interest rate of the agreement if it can be easily determined; otherwise, the incremental interest rate should be used. Both the lessor and the lessee should disclose more detailed information on their leasing operations. The Bulletin requires that the result in a sale and leaseback transaction be deferred and amortized over the term of the agreement and not in proportion to the depreciation of the leased asset. The Bulletin also establishes that the gain or loss on the sale and leaseback in an operating lease be recognized in results at the time of sale, provided that the transaction is established at fair value, noting that if the sales price is lower, the result should be recognized immediately in current earnings, unless the loss is offset by future payments that are below the market price, in which case it should be deferred and amortized over the term of the agreement and, if the selling price is higher, the excess should be deferred and amortized over the term of agreement.

At the date of issuance of these consolidated financial statements, the Company has not fully assessed the effects of adopting these new standards on its financial information.

22. International Financial Reporting Standards

In January 2009, the National Banking and Securities Commission published the amendments to its Single Circular for Issuers, which requires companies to file financial statements prepared according to the International Financial Reporting Standards beginning in 2012, and permits their early adoption.

23. Financial statement issuance authorization

On February 22, 2011, the issuance of the consolidated financial statements was authorized by Ing. Rafael Contreras Grosskelwing, the Company's Chief Financial Officer. These consolidated financial statements are subject to the approval at the General Ordinary Stockholders' Meeting, which may decide to modify such consolidated financial statements according to the Mexican General Corporate Law.

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CHDRAUI

This annual report may contain future projections about Grupo Comercial Chedraui S.A.B. de C.V. and its subsidiaries based on assumptions made in good faith by management.

Such information, as well as any statements about future events and expectations, are subject to risks and uncertainties as well as factors that could cause the results, performance or profits of the Company to be completely different at any time in the future. Such factors include changes in general economic conditions, domestic and international governmental and/or business policies as well as changes in interest rates, inflation and volatility in foreign exchange rates, etc.

Because of these risks and factors, actual results could vary materially from the estimates presented in this document. Grupo Comercial Chedraui, S.A.B. de C.V. does not accept responsibility for any such changes.

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