



FOR IMMEDIATE RELEASE

México City, D.F.  
July 30, 2002

## GRUPO MEXICO SECOND QUARTER 2002 CEO REPORT

### US GAAP

#### Financial Highlights

(Expressed in thousands of US dollars unless noted – US GAAP) (\*)

US GAAP	<u>3 Months Ended</u> 30/Jun/2002	<u>3 Months Ended</u> 30/Jun/2001	<u>Var</u> %	<u>3 Months Ended</u> 31/Mar/2001	<u>3 Months Ended</u> 30/Mar/2001	<u>Var</u> %
Net Sales	654,032	776,744	(15.8)	630,770	778,859	(19.0)
Cost of Sales	420,976	579,902	(27.4)	447,326	635,334	(29.6)
Administrative Expenses	26,719	26,715	0.0	31,963	34,640	(7.7)
Other cost – nonrecurring	4,665	-	100.0	1,988	-	100.0
Operating Income	131,920	99,038	33.2	80,421	36,582	119.8
EBITDA	201,672	170,127	18.5	149,493	108,885	37.3
Financing Costs (net)	48,452	60,884	(20.4)	48,358	61,788	(21.7)
Net Profit (Loss) (Majority)	65,361	6,099	971.7	(20,940)	(48,805)	57.1
Profit (Loss) per Share (Majority)	0.10	0.01	971.7	(0.03)	(0.08)	57.1

US GAAP	<u>Financial Data</u> <u>Six Months ended:</u>			<u>Market Metals Prices</u> <u>Six Months ended:</u>			
	<u>June 30</u> 2002	<u>June 30</u> 2001	<u>Var.</u> %		<u>June 30</u> 2002	<u>June 30</u> 2001	<u>Var.</u> %
Net Sales	1,284,802	1,555,603	(17.4)	Copper (US Cts/Pound)	73.2	78.6	(6.9)
Cost of Sales	868,302	1,215,236	(28.5)	Zinc (US Cts/Pound)	35.7	44.3	(19.4)
Administrative Expenses	58,682	61,355	(4.4)	Silver (Dlts/Ounce)	4.6	4.5	2.2
Other cost – nonrecurring	6,653	-	100.0	Gold (Dlts/Ounce)	301.6	265.6	13.6
Operating Income	212,341	135,620	56.6	Molybdenum (US Dlts/Pound)	3.4	2.3	47.8
EBITDA	351,165	279,012	25.9	Lead (US Cts/Pound)	21.5	21.7	(0.9)
Financing Costs (net)	96,810	122,672	(21.1)				
Profit /Net Loss (Majority)	44,421	(42,706)	204.0				
Profit (Loss) per Share (Majority)	0.07	(0.07)	204.0				

\* Because of the nature of our mining business activities, whose sales are 100% denominated in US dollars, we have presented figures in accordance with Generally Accepted Accounting Principles (GAAP) in the United States under the heading “Applies to US GAAP” and subsequently in accordance with Mexican GAAP under the heading “Applies to Mexican GAAP”.

Grupo Mexico (G.Mexico) consolidated financial results for the second quarter ended on June 30, 2002, include the operations of Americas Mining Corporation (AMC) and Infraestructura y Transportes México (ITM), which consolidate the results of the operating companies: Minera Mexico (MM), ASARCO, Southern Peru Copper Corporation (SPCC), Grupo Ferrovionario Mexicano (GFM) and Ferromex.

**Applies to US GAAP:**

G.Mexico consolidated results for the second quarter and the first six months ending June 30, 2002 are highlighted by improved efficiencies that allowed us to obtain significant operating and administrative cost savings at all of our subsidiaries. These savings were the result of various measures, including significant personnel reductions and the temporary and/or partial suspension of some of our mining operations that are not profitable under current metals prices, as well as adjustments to our smelting plants and refineries in response to the prevailing conditions of the mining industry. The combined effect of these actions reduced costs and expenses in the second quarter of 2002 by 27.4% when compared to the same period of the previous year, with total savings of \$158.9 million. The lower prices for the metals produced and sold by the company caused a drop of approximately \$137.1 million compared to the same period of the previous year. As of June 30, 2002, reductions in costs and expenses of \$346.9 million, representing a 28.5% improvement compared to the same period of the previous year. This decrease in costs and expenses also allowed us to mitigate the effect of the reduction of copper prices (6.9%) and zinc prices (19.4%) by approximately \$270.8 million.

G.Mexico consolidated sales for the second quarter of 2002 were \$654.0 million, representing a 15.8% decrease compared to the previous year's second quarter. Sales for the first half of 2002 were \$1.28 billion, a 17.4% decline over the first half of 2001. This decrease can be attributed primarily to the lower metal prices and to lower volumes sold as a result of our strategy of favoring margin over volume.

During the first half of the year, nonrecurring administrative costs of \$6.7 million were incurred for restructuring, legal and accounting expenses.

G.Mexico's second quarter operating earnings of \$131.9 million dollars represent 20.2% of sales compared to 12.8% during the same period of the previous year. As of June 30, operating earnings for the first six month of 2002 were \$212.3 million, representing 16.5% of sales compared to 8.7% during the same period of the previous year. The operating cash flow (EBITDA) for the second quarter was \$201.7 million, representing 30.8% of sales, compared to 21.9% in the previous year's second quarter. As of June 30, 2002, EBITDA was \$351.2 million, representing 27.3% of sales compared to 17.9% during the same period of the previous year.

**Investments**

The investment program carried out during the year has reached \$143.7 million, \$125.2 million of which corresponds to the mining division. The expansion of the Toquepala concentrator in Peru reached 96% completion at the end of June 2002. In addition, investment in the Cananea mine continues and has reached \$24 million in the first semester, which will allow access to higher-grade mineral zones.

## Financing

In consideration of the prevailing market circumstances and with the purpose of adjusting to current credit conditions and obligations, we are currently negotiating with our banks and investors in order to obtain conditions more in accordance with current needs. The total debt as of June 30, 2002, is \$2.76 billion, with \$288.1 million of available cash, which is equivalent to a net debt of \$2.47 billion.

The following chart summarizes G.Mexico's net debt (expressed in thousands of dollars):

<b>Company</b>	<b>Balance at 30/Jun/02</b>	<b>Due in: 2002</b>
Grupo México	87,000	37,000
Grupo Minero México	1,312,314	131,357 (1)
Asarco Inc.	984,886	450,000 (1)
Southern Peru Copper Corp.	299,043	NA
Grupo Ferroviario Mexicano	<u>79,529</u>	<u>7,268</u>
<b>Total</b>	<b>2,762,772</b>	<b>625,625</b>

(1) We are in the process of negotiating with the banks and investors participating in these credits with the purpose of adjusting the amortization of the debt to better align with the current conditions.

## MINING DIVISION

### Americas Mining Corporation (AMC)

Americas Mining Corporation consolidated financial results for the second quarter ended June 20, 2002, include the operations of the operating companies: Minera Mexico (MM), ASARCO, and Southern Peru Copper Corporation (SPCC), which represent our mining operations in Mexico, the United States of America and Peru.

#### AMC -Financial Highlights

(Expressed in thousands of US dollars unless noted – US GAAP)

FINANCIAL DATA	<u>3 Months</u>	<u>3 Months</u>	<u>Var</u>	<u>3 Months</u>	<u>6 Months</u>	<u>6 Months</u>	<u>Var</u>
	<u>Ended</u>	<u>Ended</u>		<u>Ended</u>	<u>Ended</u>	<u>Ended</u>	
	<u>30/Jun/2002</u>	<u>30/Jun/2001</u>	<u>%</u>	<u>31/Mar/2002</u>	<u>30/Jun/2002</u>	<u>30/Jun/2001</u>	<u>%</u>
Net Sales	486,905	635,990	(23.4)	488,575	975,480	1,299,472	(24.9)
Cost of Sales	327,575	492,852	(33.5)	363,786	691,361	1,051,167	(34.2)
Administrative Expenses	18,937	19,308	(1.9)	24,172	43,109	47,300	(8.9)
Other cost – nonrecurring	4,665	-	100.0	1,988	6,653	-	100.0
Operating Income	87,773	74,839	17.3	52,862	140,635	98,879	42.2
EBITDA	135,728	123,830	9.6	98,629	234,357	201,005	16.6
Financing Costs (net)	47,880	58,192	(17.7)	48,641	96,521	117,070	(17.6)
Net Profit (Loss) (Majority)	50,405	(14,780)	441.0	(36,528)	13,877	(68,361)	120.3

Sales for the second quarter of 2002 amounted to \$486.9 million, compared to sales of \$636.0 million during the same quarter of the previous year. As of June 30, 2002, sales were \$975.5 million compared to \$1.29 billion in the same period of previous year. This decrease can be attributed primarily to lower metals prices.

Second quarter, sales volumes for our main metal, copper, were reduced by 76,456 metric tons, or 26.4%, against the same period in the previous year. Zinc and silver has shown the same trend with a decrease of 31.0% and 24.0% respectively. As of June 30, 2002, sales volumes for copper were reduced by 99,268 metric tons, or 17.9% compared to the same period of the previous year. Zinc and silver have shown the same trend with a decrease of 26.2% and 35.9% respectively.

Production Sold							
		<u>3 Months</u>	<u>3 Months</u>	<u>Var</u>	<u>6 Months</u>	<u>6 Months</u>	<u>Var</u>
		<u>Ended</u>	<u>Ended</u>		<u>Ended</u>	<u>Ended</u>	
		<u>Jun 30, 2002</u>	<u>Jun 30, 2001</u>	<u>%</u>	<u>Jun 30, 2002</u>	<u>Jun 30, 2001</u>	<u>%</u>
Copper	(MT)	213,417	289,873	(26.4)	454,868	554,136	(17.9)
Zinc	(MT)	31,666	45,896	(31.0)	69,515	94,172	(26.2)
Silver	(Kg)	286,294	376,843	(24.0)	455,118	710,319	(35.9)
Gold	(Kg)	948	2,234	(57.6)	1,420	4,786	(70.3)
Molybdenum	(MT)	2,995	3,041	(1.5)	6,089	6,880	(11.5)
Lead	(MT)	6,914	17,739	(61.0)	14,156	33,751	(58.1)

Operating earnings during the second quarter of 2002 were \$87.8 million, an increase of 17.3% compared with the same period of the previous year. Operating earnings at the end of June 2002 were \$140.6 million, an increase of 42.2% compared with the same period of the previous year, due to a significant reduction in production costs.

EBITDA for the second quarter of 2002 was \$135.7 million, representing an increase of 9.6% compared to the \$123.8 million in the same period of 2001. EBITDA for the first half of the

year was \$234.4 million dollars, an increase of 16.6% compared to the same period of the previous year.

Net financing costs in the second quarter of 2002 were \$47.9 million, 17.7% less than the \$58.2 million of the same period of 2001. With respect to the first half of 2002, net financing costs were \$96.5 million, 17.6% less than the \$117.1 million of the same period of 2001, due primarily to the reduction of a bank loan (SPCC).

During the first quarter of 2002, SPCC reported an extraordinary item of \$8.8 million net of taxes paid to the investors of SPCC's Secured Export Notes program.

The net income after taxes for the second quarter of 2002 was \$50.4 million, representing an increase of 441% reported over the same period of 2001. Net income after taxes for the six-month period ended June 30, 2002 was \$13.9 million representing an increase of 120.3% with respect to the \$68.4 million net loss after taxes in the same period of 2001.

## Minera México (MM)

### MM - Financial Highlights (Expressed in thousands of US dollars – US GAAP)

<i>FINANCIAL DATA</i>	<u>3 Months Ended 30/Jun/2002</u>	<u>3 Months Ended 30/Jun/2001</u>	<u>Var %</u>	<u>3 Months Ended 31/Mar/2002</u>	<u>6 Months Ended 30/Jun/2002</u>	<u>6 Months Ended 30/Jun/2001</u>	<u>Var %</u>
Net Sales	174,170	243,908	(28.6)	201,576	375,746	492,625	(23.7)
Cost of Sales	122,658	192,871	(36.4)	154,371	277,029	384,861	(28.0)
Administrative Expenses	4,601	5,862	(21.5)	9,724	14,325	17,291	(17.1)
Other cost – nonrecurring	4,284	-	100.0	1,607	5,891	-	100.0
Operating Income	17,757	23,725	(25.2)	12,500	30,257	48,214	(37.2)
EBITDA	42,627	45,175	(5.6)	35,874	78,501	90,473	(13.2)
Financing Costs (net)	27,119	27,804	(2.5)	26,204	53,323	58,360	(8.6)
Net Profit (Loss) (Majority)	19,181	(28,504)	167.3	(30,166)	(10,985)	(36,183)	69.6

<i>PRODUCTION SOLD</i>		<u>3 Months Ended Jun 30, 2002</u>	<u>3 Months Ended Jun 30, 2001</u>	<u>Var %</u>	<u>6 Months Ended Jun 30, 2002</u>	<u>6 Months Ended Jun 30, 2001</u>	<u>Var %</u>
Copper	(MT)	59,622	94,932	(37.2)	141,661	183,526	(22.8)
Zinc	(MT)	31,666	32,105	(1.4)	65,269	67,670	(3.5)
Silver	(Kg)	136,645	175,676	(22.2)	242,476	316,624	(23.4)
Gold	(Kg)	351	692	(49.3)	530	1,085	(51.2)
Molybdenum	(MT)	860	1,351	(36.3)	1,708	3,162	(46.0)
Lead	(MT)	6,914	10,683	(35.3)	14,156	17,385	(18.6)

Sales in the second quarter were \$174.2 million, compared to \$243.9 million in the same period of 2001, due to the fact that international market prices for copper and zinc were lower. In addition, sales volumes were lower in the second quarter as a result of significantly reduced purchases of metals from third parties and the impact on production from labor strikes at the La Caridad, San Martín and Charcas mining units and the San Luis Potosí zinc electrolytic plant. The company reinforced its current strategy of emphasizing cost reductions and efficiency of operations, sacrificing production in order to maximize operating cash flow. As a result of this action, costs and total expenses were reduced by 28.0% in the second quarter of 2002.

EBITDA for the second quarter 2002, increased to \$42.6 million despite the drop in metals prices and the labor problem that occurred in Cananea. This figure is especially strong in comparison to EBITDA results of the third and fourth quarters of the previous year, which were \$8.3 million and (\$4.2) million respectively.

These savings allowed the company to reduce the base operating break-even point in the second quarter of 2002 to 34.8 cents per pound of copper produced from 41.5 cents per pound in the same period of 2001. The base total break-even point per pound of copper (including operating costs, interest, taxes and capital investments) was 63 cents during the first semester compared to 75.9 cents in the previous year.

## Asarco Incorporated

### Asarco – Financial Highlights (Stated in thousands of US dollars – US GAAP)

<i>FINANCIALS</i>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>	<u>3 Months</u> <u>Ended</u> <u>31/Mar/2002</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>
Net Sales	145,358	236,677	(38.6)	138,130	283,488	502,366	(43.6)
Cost of Sales	93,161	189,410	(50.8)	113,830	206,991	464,447	(55.4)
Administrative Expenses	6,450	4,773	35.1	7,371	13,821	14,222	(2.8)
Other cost - nonrecurring	381	-	100.0	381	762	-	100.0
Operating Income	38,636	33,776	14.4	10,430	49,066	3,536	1287.6
EBITDA	45,366	42,494	6.8	16,548	61,914	23,697	161.3
Financing Cost (net)	19,254	23,490	(18.0)	17,291	36,545	47,503	(23.1)
Net Profit (Loss) (Majority)	19,446	9,744	99.6	(7,027)	12,419	(44,560)	127.9

<i>PRODUCTION SOLD</i>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>
Copper (MT)	63,826	110,160	(42.1)	137,369	212,830	(35.5)
Zinc (MT)	-	13,790	(100.0)	4,246	26,502	(84.0)
Silver (Kg)	122,940	151,947	(19.1)	158,209	317,504	(50.2)
Gold (Kg)	525	1,520	(65.5)	771	3,629	(78.8)
Lead (MT)	-	7,034	(100.0)	-	16,377	(100.0)

Production of copper concentrates at Asarco mines increased by 7.1% in the first half of 2002 compared to the first half of 2001. The Mission mine in Arizona, operating at 36% of milling capacity in accordance with its new mine plan, produced 19,802 metric tons of copper in concentrates during the first quarter of 2002. While this represents a decrease of 37.9% from the same period of the previous year, the operation increased copper recovery by 4.2%. The Ray mining complex increased production of copper concentrates by 35.8%, producing 67,853 metric tons, due primarily to improved ore grades, a new mine plan and the optimization of installed capacity.

Production of copper at Asarco mines totaled 118,979 metric tons during the first six months of 2002, an increase of 4.1% over the 114,251 metric tons produced in the same period of the previous year.

However, second quarter sales were \$145.4 million compared to \$236.7 million for the same period in 2001. At the end of June 30, 2002, sales were \$283.5 million compared to \$502.4 million the previous year. This reduction is attributed to lower production of copper provided by third parties, as well as the reduction in the average price of copper during the quarter by 1 cent per pound, compared to 5.4 cents per pound in the same period of the previous year.

Cost of sales was 50.8% less during the second quarter of 2002 compared to the same period of 2001, due to items explained above and due to a reduction in purchases of metals from third parties. As of June 30, 2002, cost of sales was \$207 million, 55.4% lower than the first half of 2001.

EBITDA generated during the second quarter of 2002 increased to \$45.4 million, 6.8% higher than the previous year, which was \$42.5 million. As of June 30, 2002, EBITDA was \$61.9 million compared to \$23.7 million in the corresponding period of 2001, representing an increase of 161.3%.

## Southern Peru Copper Corporation (SPCC)

### SPCC - Financial highlights (Stated in thousands of US dollars – US GAAP)

<i>FINANCIALS</i>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>	<u>3 Months</u> <u>Ended</u> <u>31/Mar/2002</u>	<u>6 months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>
Net Sales	189,720	162,834	16.5	136,194	325,914	325,254	0.2
Cost of Sales	126,479	115,554	9.5	88,801	215,280	221,518	(2.8)
Administrative Expenses	7,886	8,671	(9.1)	7,075	14,961	15,785	(5.2)
Operating Income	39,067	19,848	96.8	24,097	63,164	48,366	30.6
EBITDA	55,355	38,609	43.4	40,318	95,673	87,951	8.8
Financing Cost (net)	2,579	6,845	(62.3)	3,277	5,856	11,092	(47.2)
Net Profit (Majority)	24,583	7,457	229.7	6,399	30,982	23,156	33.8

<i>PRODUCTION SOLD</i>		<u>3 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>
Copper	(MT)	101,010	87,995	14.8	178,386	168,702	5.7
Silver	(Kg)	30,839	27,680	11.4	58,456	56,300	3.8
Gold	(Kg)	88	62	41.9	122	118	3.4
Molybdenum	(MT)	2,307	1,695	36.1	4,381	3,718	17.8

Sales of products in the second quarter of 2002 increased to \$189.7 million, compared to \$162.8 million in the same period of the previous year due to increased production. As of June 30, 2002, sales for the first six months totaled \$325.9 million compared to \$325.3 million in the same period of 2001.

Mine production increased by 4.7% to 136,563 metric tons in the first semester of 2002, compared with the same period of the previous year. SX-EW plant production reached 27,785 metric tons during the first half of 2002, representing an increase of 1,824 metric tons of copper over the same period in 2001, as a result of the completion and startup of the new SX-EW plant in October of 2001. Copper concentrates smelted at the Ilo smelter increased 7.4% and, consequently, production of copper blister increased by 1.4% during the first half of 2002 compared to the same period of 2001, reaching totals of 574,885 and 143,414 metric tons respectively. Production of refined copper increased by 2% to 139,596 metric tons in the first half of 2002 relative to the same period of the previous year.

With respect to investments in new projects at SPCC, the expansion and modernization of the Toquepala concentrator continues and is 96% completed as of June 30, 2002, with an investment to date of \$56.2 million, well below the \$69.5 million originally projected. This project is estimated to be completed in August of 2002, at which time the concentrator's capacity will increase from 45,000 to 60,000 metric tons per day. This represents an annual increase of 122,815 metric tons of additional copper concentrates for processing at the Ilo smelter.

As of June 30, 2002, the company invested a total of \$78.7 million, of which \$37.7 million was invested in the second quarter 2002.

EBITDA generated during the second quarter of 2002 increased to \$55.4 million, which represented 29.2% of net sales and compared with an EBITDA of \$38.6 million from the previous year. As of June 30, 2002, EBITDA for the first six months of the year was \$95.7 million, which represented 29.4% of net sales and represented an increase in dollar terms of 8.8% compared with the first half of 2001.



These savings allowed the company to reduce the base operating break-even point in the second quarter of 2002 to 46.8 cents per pound of copper produced from 52.6 cents per pound in the same period of 2001. The base total break-even point per pound of copper (including operating costs, interest, taxes and capital investments) was 71.2 cents during the first semester compared to 79.2 cents in the previous year.

## RAILROAD DIVISION

### Grupo Ferrovuario Mexicano (GFM)

#### GFM- Financial Highlights

(Expressed in thousands of US dollars – US GAAP)

<i>FINANCIALS</i>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>3 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>	<u>3 Months</u> <u>Ended</u> <u>31/Mar/2002</u>	<u>6 months</u> <u>Ended</u> <u>30/Jun/2002</u>	<u>6 Months</u> <u>Ended</u> <u>30/Jun/2001</u>	<u>Var %</u>
Income - Services	172,842	145,318	18.9	148,014	320,856	266,377	20.5
Cost of Sales	100,377	93,429	7.4	88,164	188,541	174,429	8.1
Administrative Expenses	6,643	6,354	4.5	6,463	13,106	12,104	8.3
Operating Income	44,258	24,284	82.3	31,139	75,397	39,425	91.2
EBITDA	65,822	45,535	44.6	53,387	119,209	79,844	49.3
Financing Costs (net)	289	1,313	(78.0)	400	689	2,739	(74.8)
Net Profit (Loss) (Majority)	23,958	22,959	4.4	24,205	48,163	35,539	35.5

During the first half of 2002, accumulated income increased 20.5% with respect to the same period of 2001. The sectors that showed significant variations during the period included minerals, with an increase of 105.9%, and chemicals with an increase of 29.5%. In addition, the following segments had the largest decreases: oil at 4.5%; and metals at 16.5%.

Income from railroad transport services in the second quarter of 2002 increased to \$172.8 million compared to \$145.3 million in the same period last year, equivalent to 18.9%. As of June 30, 2002, income increased to \$320.9 million compared to \$266.4 million in the same period last year as a result of higher transport volumes.

With respect to investment projects and acquisition of other assets, Grupo Ferrovuario spent \$7.8 million during the second quarter of 2002 and an accumulated total of \$18.5 million at the end of June 2002 on construction, expansion and rehabilitation of tracks, terminals, rail yards, bridges, tunnels and sewers, and on the acquisition of telecommunications systems. These investments are part of an integrated, planned investment program of \$700 million, which to date is 65% completed.

Simultaneously, the company continues with implementation of a long-term modernization program for all of its railroad routes in conjunction with the railroad workers union. The program will permit the company to increase transport volumes, will help train a new generation of employees, and will update technology to place it on levels similar to other railroad lines throughout the world.

For the six months ended June 30, 2002, EBITDA for GFM was \$119.2 million, representing 37.2% of sales income and an increase of 49.3% over the same period last year. For the second quarter 2002, EBITDA was \$65.8 million, representing 38.1% of sales income and an increase of 44.6% over the same period last year.

## Applies to Mexican GAAP:

### Grupo México - Financial Highlights

(Expressed in thousands of Mexican Pesos unless noted – Mexican GAAP)

<i>FINANCIAL DATA</i>	<i>3 Months</i>	<i>3 Months</i>	<i>Var %</i>	<i>3 Months</i>	<i>6 months</i>	<i>6 Months</i>	<i>Var %</i>
	<i>Ended</i>	<i>Ended</i>		<i>Ended</i>	<i>Ended</i>	<i>Ended</i>	
	<i>30/Jun/2002</i>	<i>30/Jun/2001</i>		<i>31/Mar/2002</i>	<i>30/Jun/2002</i>	<i>30/Jun/2001</i>	
Net Sales	6,340,223	7,586,247	(16.4)	5,883,464	12,223,687	15,584,452	(21.6)
Cost of Sales	4,024,273	5,698,648	(29.4)	4,136,403	8,160,676	12,048,096	(32.3)
Administrative Expenses	264,068	255,088	3.5	271,490	535,558	594,574	(9.9)
Other Cost nonrecurring	44,122	-	100.0	17,670	61,792	-	100.0
Operating Income	1,061,984	686,293	54.7	543,883	1,605,867	999,265	60.7
EBITDA	2,007,760	1,632,511	23.0	1,457,901	3,465,661	2,941,782	17.8
Financial Cost (net)	461,739	579,425	(20.3)	451,488	913,227	1,211,951	(24.6)
(Loss) Profit Foreign exchange (net)	1,555,307	(679,162)	(329.0)	(272,521)	1,282,786	(803,298)	(259.7)
(Loss) Net Profit Majority	(1,125,171)	826,855	(236.1)	332,939	(792,232)	593,101	(233.6)
(Loss) Profit per share Majority	(1.73)	1.27	(236.1)	0.51	(1.22)	0.91	(233.6)

G.Mexico consolidated results for the second quarter and the first six months ending on June 30, 2002 are highlighted by improved efficiencies that allowed us to obtain significant operating and administrative cost savings at all of our subsidiaries. These savings were the result of various measures, including significant personnel reductions and the temporary and/or partial suspension of some of our mining operations that are not profitable under current metals prices, as well as adjustments to our smelting plants and refineries in response to the prevailing conditions of the mining industry. The combined effect of these actions reduced costs and expenses in the second quarter by 29.4% compared to the same period of the previous year, with total savings of \$1,674.4 million pesos. This allowed us to mitigate in this quarter the effect in the results of the reduction of copper prices (1.3%) and zinc prices (16.3%), by an amount of approximately \$1,441.6 million pesos, compared to prices in the same period of the previous year. For the first six months of 2002, the reduction in costs of \$3,887.4 million pesos represents 32.3% compared to the same period of the previous year. This decrease also allowed us to mitigate the effect in the results of the reduction of copper prices (6.9%) and zinc prices (19.4%) by an amount of approximately \$3,011.0 million pesos.

G.Mexico consolidated sales for the second quarter of 2002 amounted to \$6,340.2 million pesos, compared to \$7,586.2 million pesos in the same period of 2001. Sales for the first half of 2002 were \$12,223.7 million pesos, compared to \$15,584.4 million pesos for the same period of 2001. This decrease can be attributed primarily to the lower metal prices and to lower volumes sold.

G.Mexico's second quarter operating earnings of \$1,062.0 million pesos represent 16.7% of sales, compared to 9% during the same period of the previous year. As of June 30, operating earnings were \$1,605.9 million pesos, representing 13.1% of sales compared to 6.4% during the same period of the previous year. The operating cash flow (EBITDA) for the second quarter was \$2,007.8 million pesos, representing 31.7% of sales, compared to 21.5% the previous year's second quarter. For the first six months of 2002, EBITDA was \$3,465.7 million pesos, representing 28.4% of sales compared to 18.9% during the same period of the previous year.

Consolidated financial costs, based on Mexican GAAP, represent a net cost of \$1,409.9 million pesos through June 30, 2002, due basically to the financial debt costs of \$913.2 million pesos, for the monetary position profit of \$786.1 million pesos and a loss of \$1,282.8 million pesos due to the foreign exchange from the appreciation of the Mexican peso against the U.S. dollar.