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GRUPO MEXICO, S.A. DE C.V. SECOND QUARTER 2000 RESULTS

MINING DIVISION

Review of Operations and Sales - Grupo Minero México (GMM)

During the first six months of 2000, production volume in our main metal increased. The increase is principally the result of a normal operation in the Cananea mining unit and a smooth operation in the rest of the mining units.

GMM - MINE PRODUCTION

		<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var. %</i>
		<i>Year to Date</i>	<i>Year to Date</i>	
Copper	(MT)	161,197	146,088	10.3
Zinc	(MT)	85,273	88,093	(3.2)
Silver	(Kg)	251,320	259,719	(3.2)
Gold	(Kg)	452	423	6.9
Molybdenum	(MT)	3,437	3,624	(5.2)
Lead	(MT)	15,264	18,704	(18.4)

Precious metals volumes, specifically silver and gold, also registered a significant increase of over 10% in sales with respect to last year because of the initiation of operations of the new precious metals refinery at La Caridad, Sonora. The lower volume of copper and zinc sold is due to the additional inventories in these metals caused, in the case of copper, by higher mine production that originally anticipated with respect to 1999. These metallic contents will be smelted and refined during the second half of this year, obtaining in the process, higher value added as well as capturing any differential in the price of said commodities.

GMM – PRODUCTION SOLD

		<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var. %</i>
		<i>Year to Date</i>	<i>Year to Date</i>	
Copper	(MT)	186,751	198,398	(5.9)
Zinc	(MT)	73,544	79,841	(7.9)
Silver	(Kg)	329,378	299,070	10.1
Gold	(Kg)	1,172	1,051	11.5
Molybdenum	(MT)	3,539	3,496	1.2
Lead	(MT)	16,335	20,522	(20.4)

For the three months ended June 30th of 2000, GMM sales in dollars amounted to \$291.1 million compared with \$253.2 million during the same period last year, representing an increase of 15.0%. In pesos, GMM sales for the period amounted to Ps. 2,804.5 million which compares to Ps. 2,634.3 million during the second quarter last year, representing a 6.5% increase.

For the six months ended on June 30th of 2000, GMM sales in dollars were 13.9% higher in dollars with respect to the same period last year.

GMM – SALES

	<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var. %</i>
	<i>Year to Date</i>	<i>Year to Date</i>	
Thousands of Dollars	558,238	490,309	13.9
Thousands of Pesos	5,367,132	5,291,662	1.4
EBITDA - 000's of Dollars	112,891	78,387	44.0

In accordance with US GAAP, GMM's EBITDA for the three months ended June 30th of 2000 amounted to \$57.9 million dollars, or 19.9% of sales, compared with an EBITDA of \$51.5 million dollars during the same period last year and \$3 million dollars higher than the EBITDA generated during the 1st quarter of this year. The higher EBITDA was achieved despite the afore mentioned increase in copper and zinc inventories, due to higher concentrate production and to the programmed maintenance of the smelter that initiated in June and was concluded this past 24th of July. The maintenance permitted the smelter to recover production at design capacity of over 3,000 metric tones of concentrates per day compared to approximately 2,500 metric tones per day obtained in the last few months; thus, increasing copper anode production by almost 20%. For the six months ended June 30th of 2000, GMM's EBITDA amounted to \$112.9 million dollars, or 20.2% of sales, compared to \$78.4 million dollars last year, representing a 44.0% increase.

The intensive investment program to integrate refined metals was concluded with the initiation of operations of the precious metals refinery at Caridad. The new precious metals refinery, in addition to the new smelter, the new copper refinery and the new rod mill of 150,000 tones capacity per annum, will add additional benefits to the mining division in the following quarters.

At the Cananea unit, preparation for the SX/EW refined copper plant continues. The plant will add additional copper volumes at lower unit costs and will further optimize the mineral reserve base at this unit with new productivity criteria.

With respect to capital expenditures in new projects at GMM, a total of Ps. 426.5 million was invested during the semester of which Ps. 253.2 million was invested during the second quarter.

Review of Operations and Sales - ASARCO

As of June 30th of this year, the turnaround of ASARCO operations in the United States is a reality as cost savings to date in production and administrative costs with respect to the same period last year now exceed \$60.0 million dollars. This figure was calculated on a

comparative basis, eliminating the effect of the specialty chemicals, Enthone-OMI, and The American Limestone Company, that in line with our strategy to focus primarily in our core mining business, were desincorporated and sold during the first semester of this year for \$506 and \$219 million dollars respectively.

In addition, it is important to mention that net debt at this subsidiary has been reduced from its high of \$1,741 million dollars after its acquisition in November of 1999 to a net debt of \$977.9 million dollars as of June 30 of the present year, eliminating 88% of the \$817 million dollar bridge loan facility used to purchase ASARCO. In the month of July of this year, the remaining balance in the amount of \$100 million dollars has been entirely paid down, thus eliminating 100% of the bridge loan facility and decreasing net debt to below \$880 million dollars. Because ASARCO's debt has now been reduced by over half of the original debt when operations initiated in November of 1999, we can expect an important decrease in financial costs for the second half of approximately \$30 million dollars.

Production volumes during this period were partially affected due to a decrease in ore grades and by new mine plan analyses conducted to optimize reserves and operations in the future, making it necessary to increase stripping of material in the short term that will benefit results in the near future.

ASARCO - MINE PRODUCTION

		<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var.</i>
		<i>Year to Date</i>	<i>Year to Date</i>	<i>%</i>
Copper	(MT)	140,964	155,425	(9.3)
Zinc	(MT)	29,248	29,203	0.2
Silver	(Kg)	500,311	523,189	(4.4)

Lead volume sold registered an increase of 8.1% with respect to the first half of 1999 due to an increase in production of this metal in our East Helena, Montana smelter. On the other hand, copper volume sold was lower than that of last year because of the shut down of the El Paso, Texas smelter during the first half of 1999. The lower silver sales can be attributed to the sale of two silver mines, Coeur and Galena, both located in the state of Idaho, during the month of August of 1999 as well as to lower silver production associated to the copper produced at our Amarillo, Texas refinery. With respect to zinc, a program to reequip and improve the mines and plant in Tennessee was implemented, together with new working procedures, which will allow for increased production volumes at lower unit costs during the second half of 2000.

ASARCO - PRODUCTION SOLD

		<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var.</i>
		<i>Year to Date</i>	<i>Year to Date</i>	<i>%</i>
Copper	(MT)	221,754	286,444	(22.6)
Zinc	(MT)	26,497	32,069	(17.4)
Silver	(Kg)	99,647	269,605	(63.0)
Lead	(MT)	32,579	30,124	8.1

For the three months ended June 30th of 2000, ASARCO sales in dollars amounted to \$269.4 million compared with \$252.9 million during the same period last year, representing an increase of 6.5%.

For the six months ended on June 30th of 2000, this subsidiary's sales in dollars were 0.9% higher in dollars and 1.3% lower in pesos when compared with last year. The difference originates from the continued strength of the peso against the dollar as well as the increase in metals inventory generated through an excess in third party metals purchases that we expect to continue smelting and refining in the next months.

ASARCO - SALES

	<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var. %</i>
	<i>Year to Date</i>	<i>Year to Date</i>	
Thousands of Dollars	513,552	509,122	0.9
Thousands of Pesos	4,895,140	4,960,435	(1.3)
EBITDA - 000's of Dollars	(3,749)	(49,348)	(92.4)

In accordance with US GAAP, EBITDA for ASARCO during the three months ended June 30th of 2000 amounted to \$11.5 million dollars, compared to an operating loss plus depreciation of (\$17.4) million dollars for the same period last year. It is important to underline that the second quarter of 2000 is the first time in many years that a positive EBITDA is achieved. We expect that the continued optimization of the operations will allow us to further increase EBITDA at ASARCO in the following quarters.

For the six months ended June 30th of 2000, ASARCO's EBITDA amounted to (\$3.7) million dollars. This figure compares to an operating loss plus depreciation of (49.3) million dollars during the same period last year.

With respect to capital expenditures in new projects at ASARCO, a total of \$31.2 million dollars was invested during the semester of which \$13.4 million was invested during the second quarter. All of these investments were allocated on operations' optimizations that include operating and administrative cost reductions as well as compliance with environmental agreements.

Review of Operations and Sales - Southern Peru Copper Corporation (SPCC)

Mine copper production increased 0.8% to 163,558 tones year to date compared with 162,205 tones during the same period last year. This increase was achieved because of significantly higher production at the Cuajone mine and at the solvent extraction electrowinning (SX/EW) plant at Toquepala, which will compensate for the lower ore grades caused by the implementation of new mining programs with medium and long term horizons that will allow for the optimization of mineral reserves as well as increased flexibility and safety of the mining operations.

SPCC - MINE PRODUCTION

		<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var.</i>
		<i>Year to Date</i>	<i>Year to Date</i>	<i>%</i>
Copper	(MT)	163,558	162,205	0.8
Silver	(KG)	58,824	46,172	27.4
Molybdenum	(MT)	3,168	2,577	22.9

SPCC - PRODUCTION SOLD

		<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var.</i>
		<i>Year to Date</i>	<i>Year to Date</i>	<i>%</i>
Copper	(MT)	292,888	231,963	26.3
Silver	(KG)	56,457	42,021	34.4
Molybdenum	(MT)	3,245	2,518	28.9

For the three months ended June 30th of 2000, SPCC sales of products in dollars amounted to \$157.0 million compared with \$132.4 million during the same period last year, representing an increase of 18.6%.

For the six months ended on June 30th of 2000, SPCC sales were 24.9% higher in dollars when compared with last year.

SPCC - SALES

	<i>2nd Quarter 2000</i>	<i>2nd Quarter 1999</i>	<i>Var.</i>
	<i>Year to Date</i>	<i>Year to Date</i>	<i>%</i>
Thousands of Dollars	320,143	256,318	24.9
Thousands of Pesos	3,051,849	2,573,306	18.6
EBITDA - 000's of Dollars	93,241	49,214	89.5

In accordance with US GAAP, EBITDA for SPCC during the three months ended June 30th of 2000 amounted to \$47.9 million dollars, or 30.5% of sales, compared to an EBITDA of \$25.4 million dollars for the same period last year.

For the six months ended June 30th of 2000, SPCC's EBITDA amounted to \$93.2 million dollars and compares to an operating profit plus depreciation of \$49.2 million dollars for the same period in 1999.

With respect to the expansion and modernization projects at SPCC; the project to protect the Cuajone mine from maximum flooding of the Torata river continues with construction work and reached 77% completion at the end of the second quarter of 2000, with an investment of \$61.3 million out of the \$75.5 million budget. The Torata river was diverted on June 30, 2000 to allow the beginning of the Cuajone pit expansion.

On another note, two proposals have been received to resume the Ilo smelter modernization and expansion project, and are currently being evaluated. Both alternatives fulfill our requirements to use the most efficient proven technology, permitting a higher design capacity to smelt 1.4 million metric tones of concentrates per

annum compared with 1.1 million metric tons at present, which will allow us to obtain an economic return and comply with Peruvian environmental standards.

In addition, the feasibility studies for expansion of the Toquepala concentrator and mine were finished and the project was started with the basic engineering. Feasibility studies for a leaching section and a SX/EW plant at Cuajone are currently underway. Construction of this project is expected to begin during this year. These projects will improve SPCC's production capacity by over 30% per year when completed.

With respect to capital expenditures in new projects at SPCC, a total of \$56.3 million dollars was invested during the semester.

RAILROAD DIVISION

Review of Operations and Sales - Grupo Ferroviario Mexicano (GFM).

GFM continues to advance in terms of operating efficiencies. Locomotive availability increased to 91.7% as the result of programmed maintenance and the number of total accidents has dropped by 43.1% when compared to last year.

Export volumes to the United States have increased by 19.5% when compared to last year due to the improvement of rail tracks and infrastructure as well as to the high number of border crossing points that our railroad services. Because of these border crossing points, our export and import clients are allowed increased flexibility in the number of routes their merchandise can take, depending on their point of origin and destination, allowing them to choose the shortest distance and saving them time and money.

In addition, the percentage of warnings that slow railroad traffic, up to June of 2000 has decreased to 4.9% compared to 11.6% last year.

We continue with the implementation of the modernization program along the entire railroad network as agreed with the Railroad Union, which will allow for better results through the application of improved technologies that permit further optimization of human capital and technology. These improvements will translate into important cost reductions and efficiency gains.

For the three months ended June 30th of 2000, GFM sales for services in dollars amounted to \$142.2 million compared with \$122.9 million during the same period last year, representing an increase of 15.7%.

For the six months ended on June 30th of 2000, sales for services in dollars at GFM were 18.5% higher.

GFM - SALES FOR SERVICES

	<i>2nd Quarter</i>	<i>2nd Quarter</i>	<i>Var.</i>
	<i>2000</i>	<i>1999</i>	
	<i>Year to Date</i>	<i>Year to Date</i>	<i>%</i>
Thousands of Dollars	281,374	237,399	18.5
Thousands of Pesos	2,704,873	2,562,933	5.5
EBITDA - 000's of Dollars	73,684	51,043	44.4

Sales for services at GFM during the first half of 2000 are higher due to a significant increase of 8.3% in volume transported with respect to last year.

In accordance with US GAAP, GFM's EBITDA for the three months ended June 30th of 2000 amounted to \$33.9 million dollars, or 23.8% of sales, compared with an EBITDA of \$16.5 million dollars during the same period last year, a 105.5% increase. For the six months ended June 30th of 2000, the EBITDA for this division amounted to \$73.7 million dollars, or 26.2% of sales, compared to \$51.0 million dollars last year, also representing an important increase of 44.4%.

Results were negatively impacted by the important increase in international fuel prices, particularly diesel, which registered an increase in cost of 47.1% with respect to last year. However, the impact has been significantly mitigated by increased operating efficiencies and increased volume transported as well as by a conservative increase in fares.

With respect to capital expenditures in new projects and asset acquisitions, a total of Ps. 525 million has been invested primarily on the reconstruction of rail tracks, modernization of maintenance shops, stations, expansion of yards and acquisition of control systems. All of these projects have been fully financed from internal cash flow generated by the railroad company.

GRUPO MEXICO - Consolidated

Highlights (Expressed in Thousands of US Dollars – U.S. Gaap)

FINANCIAL US GAAP	Second Quarter			Year to Date		
	2 nd Quarter 2000	2 nd Quarter 1999	Var. %	2 nd Quarter 2000	2 nd Quarter 1999	Var. %
Net Sales	\$805,299	\$371,901	116.5	\$1,592,110	\$717,698	121.8
Operating Profit	91,302	39,061	133.7	138,178	70,612	95.7
EBITDA	156,047	66,572	134.4	270,713	134,057	101.9
Net Profit (Majority)	45,042	32,315	39.4	6,011	44,200	(86.4)
Earnings per Share (Majority)	0.07	0.05	40.0	0.01	0.07	(85.7)

Highlights (Expressed in Thousands of Mexican Pesos – Mexican Gaap)

FINANCIAL MEXICAN GAAP	Second Quarter			Year to Date		
	2 nd Quarter 2000	2 nd Quarter 1999	Var. %	2 nd Quarter 2000	2 nd Quarter 1999	Var. %
Net Sales	\$7,775,371	\$3,870,174	100.9	\$15,244,904	\$7,746,577	96.8
Operating Profit	575,218	334,697	71.9	1,048,905	877,976	19.5
EBITDA	1,390,587	841,776	65.2	2,695,906	1,848,745	45.8
Net Profit (Majority)	9,392	547,833	(98.3)	1,007,623	1,329,107	(24.2)
Earnings per Share (Majority)	0.01	0.87	(98.9)	1.60	2.11	(24.2)

METAL'S PRICES AND OTHER INFORMATION		Second Quarter			Year to Date		
		2 nd Quarter 2000	2 nd Quarter 1999	Var. %	2 nd Quarter 2000	2 nd Quarter 1999	Var. %
Copper	US Cts./Lb.	80.3	67.1	19.7	81.3	65.5	24.2
Zinc	US Cts./Lb.	51.4	46.3	11.2	51.4	45.7	12.5
Silver	Dlls./Oz	5.0	5.1	(1.8)	5.1	5.2	(1.9)
Gold	Dlls./Oz	280.2	273.5	2.5	285.2	280.1	1.8
Molybdenum	US Dlls./Lb	2.7	2.6	3.8	2.6	2.6	(0.3)
Lead	US Cts./Lb	18.9	23.5	(19.5)	19.8	23.2	(14.7)

Consolidated Financial Results

Grupo Mexico (G.Mexico) consolidated financial results for the quarter ended June 30th 2000 include those of Grupo Minero Mexico (GMM) and Grupo Ferroviario Mexicano (GFM) as well as the results of ASARCO and Southern Peru Copper Corporation (SPCC) as a result of their acquisition late in 1999. In addition, because of the nature of our mining operations, whose sales are 100% denominated in US dollars, we have presented, where appropriate, figures in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America.

G. Mexico's consolidated net sales for the first six months of 2000 in dollars and in pesos were 121.8% and 96.8% higher respectively than those reported during the same period last year. During the second quarter, sales in dollars and in pesos were 116.5% and 100.9% higher respectively than last year. The increases in sales are due, in part, to the consolidation of ASARCO and SPCC, and to higher sales from the railroad. The mining division accounted for 83% of sales and was denominated in dollars and the remaining 17% corresponded to the railroad division and was denominated in pesos.

The cost of sales in US GAAP with respect to the mining division for the three months ended on June 30th of 2000 amounted to \$523.5 million dollars, or 77.6% of sales, compared to \$187.8 million dollars, or 74.2% of sales, reported during the same period of 1999. For the six months ended June 30th of 2000, the cost of sales for the mining division amounted to \$1,052.6 million dollars compared to \$386.1 million dollars reported during the same period of the previous year. The cost of sales will consistently decrease as we optimize the incorporation of our new mining subsidiaries. On the other hand, administrative cost continue to represent between 4.8% and 4.2% of sales even after the incorporation of ASARCO and SPCC.

In turn, in accordance with Mexican GAAP, the cost of sales with respect to the mining division for the three months ended on June 30th of 2000 amounted to Ps. 5,069.2 million, or 78.3% of sales, compared to Ps. 1,961.3 million, or 74.5% of sales, reported during the same period of 1999. For the six months ended June 30th of 2000, the cost of sales for the mining division amounted to Ps. 9,941.7 million that represents 78.6% of consolidated sales and compares to Ps. 3,820.4 million, or 72.2% of consolidated sales, reported during the same period of 1999.

Cost of sales for the railroad division (GFM) in US GAAP for the three months ended June 30th of 2000 amounted to \$104.4 million dollars and compares with \$100.0 million dollars incurred during the second quarter last year. For the six months ended June 30th of the present year, the cost of sales for GFM amounted to \$198.1 million dollars compared with \$173.6 million dollars incurred during the first six months of 1999.

In accordance with Mexican GAAP, the cost of sales for the railroad division during the second quarter of 2000 amounted to Ps. 981.8 million compared with Ps. 961.4 million incurred during the three months ended June 30th of 1999. For the six months ended June 30th of the present year, the cost of sales for GFM amounted to Ps. 1,900.6 million compared with Ps. 1,776.3 million incurred during the first six months of last year.

In accordance with US GAAP, for the three months ended on June 30th of 2000, the operating profit amounted to \$91.3 million dollars and represented 11.3% of consolidated sales and compares with an operating profit of \$39.1 million dollars generated during the second quarter last year, a 133.7% increase. Operating profit plus depreciation (EBITDA) amounted to \$156.0 million dollars that represented 19.4% of consolidated sales and compares with an EBITDA of \$66.6 million dollars generated during the same period of 1999, representing a increase of 134.4%. For the six months ended on June 30th of 2000, operating profit amounted to \$138.2 million dollars or 8.7% of consolidated sales, compared with \$70.6 million dollars during the same period last year. The EBITDA during the first six months of 2000 amounted to \$270.7 million dollars or 17.0% of consolidated sales and compares with \$134.1 million dollars generated during the same period last year.

On the other hand, in accordance with Mexican GAAP, for the three months ended on June 30th of 2000, the operating profit amounted to Ps. 575.2 million and represents 7.4% of consolidated sales. EBITDA during the second quarter amounted to Ps.1,390.6 million and represented 17.9% of consolidated sales. During the six months ended on June 30th, 2000, operating profit amounted to Ps. 1,048.9 million and represents 6.9% of consolidated sales and EBITDA amounted to Ps. 2,695.9 million or 17.7% of consolidated sales.

In accordance with US GAAP, net earnings for the three months ended June 30th 2000 amounted to \$45 million dollars compared with net earnings of \$32.3 million dollars for the second quarter last year. For the six months ended June 30th of 2000, net earnings amounted to \$6.0 million dollars, compared with net earnings of 44.2 million dollars during the same period of 1999. It is important to highlight that the net earnings obtained in the second quarter offset the net earnings loss registered during the first quarter that amounted to \$39 million dollars, resulting in an accumulated net profit of \$6 million dollars as June 30, 2000.

On the other hand, in accordance with Mexican GAAP, net earnings for three months ended June 30th 2000 amounted to Ps. 9.4 million compared with net earnings of Ps. 547.8 million for the second of 1999. For the six months ended June 30th of 2000, net earnings amounted to Ps. 1,007.6 million compared with net earnings of Ps.1,329.1 million during the same period of 1999. The lower earnings in Mexican GAAP are due to the devaluation of the Mexican peso, despite its continued strength, against the US dollar during the second quarter of 2000.

The consolidated integrated cost of financing in accordance with Mexican GAAP represented a Ps. 705.2 million loss during the first semester of 2000 due principally to the Mexican peso devaluation against the dollar by Ps. 594.4 million and a Ps. 1,013.9 million gain on monetary position.

G.Mexico results were positively impacted by various factors, including higher prices of the majority of the metals that we produce compared to the same period last year and significant operating and administrative cost savings at our new subsidiaries, ASARCO and SPCC, that now amount to over \$70 million dollars year to date. On the other hand, results were negatively impacted by the effect on net sales in pesos of the continued

strength of the Mexican pesos against the US dollar as sales expressed in dollars rose by approximately 122% compared to a 96.8% increase in pesos for the first semester of 2000. Sales were also affected by an increase in metals inventories in GMM because of higher mine production than originally anticipated and in ASARCO because of higher inventories caused by an excess of third party metals purchases. We expect these excess inventories to continue to be processed in the following months. In addition, operating costs were affected by an increase in energy prices such as diesel and natural gas as well as electricity.

Liquidity & Leverage

In accordance with Mexican GAAP, the cash balance up to June 30th of 2000, in the amount of Ps. 2,594.9 million, represents a decrease of 58.7% in real terms when compared to the same period of 1999. The decrease can be attributed to approximately \$260 million dollars that G.Mexico used of its own funds to acquire ASARCO shares at the end of 1999.

Total capital investment for the first six months of 2000 amounted to Ps. 1,766.9 million and was funded through the company's own operations. With respect to the funds from the disinvestments of non-mining assets at ASARCO (Specialty Chemicals and Construction Aggregates) during the first semester of 2000 in the amount of Ps. 7,052.4 million (approximately \$725 million dollars), these were fully applied toward paying down the \$817 million dollar bridge loan facility used for the acquisition of ASARCO. The remaining balance of the \$817 million dollar facility was paid down entirely during the month of July of 2000. The benefit from the significantly lower financial leverage will be reflected in the following quarters.

The aforementioned transactions allow G.Mexico to achieve its strategic objectives to reduce leverage and improve its debt coverage ratios.

Amortization of the Excess Book Value Over the Cost of Shares for Subsidiary Companies

The excess in book value over the cost of acquired shares generated in the acquisition of ASARCO and subsidiary companies' amounted to Ps. 6,427.8 million, and was reclassified from property plant & equipment into a deferred credit that will be amortized over a two-year period. The impact on the first semester results for the year 2000 represented a credit to the operating costs of G.Mexico in the amount of Ps. 1,472.8 million in accordance with Mexican GAAP (Bulletin B-8).

OTHER RELEVANT INFORMATION

Break Even Points

The cash operating cost for the first quarter of 2000 to produce and sell a pound of copper was 44.3 cents to the dollar for GMM, 53.8 cents for SPCC and 75.0 cents for ASARCO North America. The consolidated cash operating cost for G.Mexico in the first half of 2000 was 56.8 cents per pound of copper. This figure is below that originally anticipated and will be further reduced as the integration of our mining units is optimized. The average price of copper for the first six months of 2000, as registered in the COMEX exchange, was of 81.3 cents per pound of copper.

Bulletin D-4

Beginning on January 1st of 2000, in accordance with Generally Accepted Accounting Principles in Mexico (Mexican GAAP), the new accounting bulletin D-4 denominated "Accounting Treatment for Income Tax, Asset Tax and, Workers Participation of Profits" took effect. The bulletin establishes new criteria for the measurement, recognition and presentation in financial statements of deferred taxes. The impact on G.Mexico's financial statement for the first semester of 2000 is revealed as a decrease in the book value of equity and its corresponding recognition in long-term debt in the amount of Ps. 5,957.4 million. With respect to its recognition in the income statement, majority net earnings were impacted by Ps. 69.0 million for the first semester of 2000.

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2nd Quarter, 2000
Consolidated Financial Statements (US GAAP)

GRUPO MEXICO - CONSOLIDATED STATEMENT OF INCOME

Thousands of US Dollars as of June 30, 2000 - US GAAP

Figures presented in US GAAP	Second Quarter			Year to Date		
	2do. Quarter 2000	2do. Quarter 1999	Var. %	2do. Quarter 2000	2do. Quarter 1999	Var. %
Total Sales of Products & Services	805,299	371,901	116.5	1,592,110	717,698	121.8
Cost of Sales	612,616	288,288	114.6	1,244,258	553,359	124.9
Administrative Costs	36,636	17,041	115.0	77,139	30,282	154.7
Depreciation & Amortization	<u>64,745</u>	<u>27,511</u>	113.3	<u>132,535</u>	<u>63,445</u>	108.9
Operating Profit	91,302	36,219	133.7	138,178	70,612	95.7
Net Cost of Financing:						
Interest earned	(6,087)	(33,475)	(81.8)	(11,454)	(50,486)	(77.3)
Interest paid	69,457	28,228	146.1	140,418	55,203	154.4
Conversion effect	<u>(30,332)</u>	<u>13,318</u>	(327.8)	<u>(18,959)</u>	<u>8,718</u>	(317.5)
Net Total Cost of Financing	33,038	8,071	309.3	110,005	13,435	718.8
Other Income	1,621	(3,115)	(152.0)	(7,323)	(4,496)	62.9
Profit Before Taxes	56,643	34,105	66.1	35,496	61,673	(42.4)
Total Provisions for taxes	58	(5,635)	(101.0)	2,503	5,146	(51.4)
Profit before minority interest	56,585	39,740	42.4	32,993	56,527	(41.6)
Participation in associated companies						
Minority Interest	<u>11,543</u>	<u>7,425</u>	55.5	<u>26,982</u>	<u>12,327</u>	118.9
Net Profit	45,042	32,315	39.4	6,011	44,200	(86.4)
EBITDA	156,047	66,572		270,713	134,057	
Earnings per Share – Dollars	0.07	0.05		0.01	0.07	
Number of Shares in Thousands	630,225	630,000		630,225	630,000	

GRUPO MEXICO - CONSOLIDATED BALANCE SHEET

Thousands of US Dollars as of June 30, 2000 - US GAAP

	2do. Quarter 2000	2do. Quarter 1999	Var. %
ASSETS			
CURRENT ASSETS			
Cash and marketable securities	176,896	564,171	(68.6)
Notes and accounts receivable:			
Clients	355,025	171,791	106.7
Refundable taxes	91,036	65,382	39.2
Others	45,976	22,018	108.8
Total notes and accounts receivable	492,037	259,191	89.8
Inventories of primary and secondary metals and byproducts	405,869	121,264	234.7
Materials and supplies	272,316	168,817	61.3
Prepaid expenses and other	58,154	9,258	528.1
Total current assets	1,405,272	1,122,701	25.2
OTHER ASSETS	351,151	181,226	93.8
PROPERTY AND EQUIPMENT NET	4,633,443	2,541,921	82.3
COMMERCIAL CREDITS	57,159	24,142	136.8
INVESTMENTS	101,207	12,190	730.2
TOTAL ASSETS	6,548,232	3,882,180	68.7
LIABILITIES AND STOCKHOLDERS EQUITY			
CURRENT LIABILITIES:			
Interest payable	112,538	104,689	7.5
Notes payable	592,370	153,517	285.9
Accounts payable and accrued liabilities	87,834	9,109	864.3
Income taxes, asset taxes and employee profit sharing	131,184	130,461	0.6
Total current liabilities	923,926	397,776	132.3
LONG TERM NOTES PAYABLE	2,539,293	1,221,802	107.8
VOLUNTARY RETIREMENT AND SENORITY			
PREMIUMS RESERVE	120,204	6,031	1,893.1
DEFERRED TAXES AND OTHER LIABILITIES	398,238	187,256	112.7
TOTAL LIABILITIES	3,981,661	1,812,865	119.6
Minority interest in subsidiaries	813,830	257,283	216.3
STOCKHOLDERS EQUITY			
Capital stock	864,488	864,377	0.0
Effect of deferred taxes			
Reserve for repurchase of own shares	155,023	155,023	-
Retained earnings	733,230	792,632	(7.5)
TOTAL STOCKHOLDERS EQUITY	1,752,741	1,812,032	(3.3)
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	6,548,232	3,882,180	68.7