GRUPOMEXICO

NEWS RELEASE

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

GRUPO MEXICO

Consolidated Financial Results

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

FINANCIAL	***Three Months Ended,***			***Nine Months Ended,***		
MEXICAN GAAP	***September 30 2000***	***September 30 1999***	***Var. %***	***September 30 2000***	***September 30 1999***	***Var. %***
Net Sales	**10,567,180**	4,051,291	160.8	**26,031,730**	11,927,836	118.2
Operating Profit	**1,558,563**	548,762	184.0	**4,112,685**	1,441,469	185.3
Operating Cash Flow EBITDA	**1,641,336**	1,147,772	43.0	**4,376,551**	3,027,536	44.6
Net Profit (Majority)	**1,378,865**	633,264	117.7	**2,396,474**	1,984,652	20.8
Earnings per Share (Majority)	**2.19**	1.01	116.8	**3.80**	3.15	20.6

Grupo Mexico (G.Mexico) consolidated financial results for the quarter ended September 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 figures in accordance with Generally Accepted Accounting Principles (GAAP) in Mexico under the heading ***"Applies to Mexican GAAP"*** and subsequently in accordance with GAAP in the United States of America under the heading ***" Applies to US GAAP"***.

Applies to Mexican GAAP

G.Mexico consolidated results were positively impacted by various factors, including higher production and higher prices of the majority of the metals that we produce compared to the same period last year as well as significant operating and administrative cost savings at our mining subsidiaries, ASARCO and SPCC, that now amount to over US $132 million dollars year to date.

G. Mexico's consolidated net sales for the third quarter of 2000 amounted to Ps.10,567.2 million pesos and were 160.8% higher than last year. For the first nine months of 2000, net sales were 118.2% higher than those reported during the same period last year. The increase in sales is due to increased production sales volumes at each of our subsidiaries as well as at the consolidated level as is indicated in the following table.

CONSOLIDATED PRODUCTION SALES

		9 Months Ended Sep/30/ 2000	***9 Months Ended Sep/30/ 1999***	***Var. %***
Copper	(MT)	**874.555**	291,953	199.5
Zinc	(MT)	**158,847**	112,618	41.0
Silver	(Kg)	**1,283,672**	497,476	158.0
Gold	(Kg)	**8,920**	1,485	500.7
Molybdenum	(MT)	**11,442**	5,868	95.0
Lead	(MT)	**62,529**	31,496	98.5

Consolidated sales also benefited from the higher market prices of the majority of the metals that we produce as is demonstrated in the table below. The mining division accounted for 85% of sales and was denominated in dollars and the remaining 15% corresponded to the railroad division and was denominated in pesos.

METAL'S MARKET PRICES

		Three Months Ended,			*Nine Months Ended,*		
		September 30 2000	*September 30 1999*	*Var. %*	*September 30 2000*	*September 30 1999*	*Var. %*
Copper	US Cts./Lb.	**84.9**	77.6	9.4	**81.7**	69.5	17.6
Zinc	US Cts./Lb.	**53.4**	51.4	3.9	**52.0**	47.6	9.2
Silver	Dllrs./Oz	**4.9**	5.2	-5.8	**5.0**	5.2	-3.8
Gold	Dllrs./Oz	**276.6**	259.2	6.7	**282.3**	273.1	3.4
Molybdenum	US Dllrs./Lb	**2.6**	2.6	-	**2.6**	2.6	-
Lead	US Cts./Lb	**21.4**	22.8	-6.1	**20.3**	23.1	-12.1

The consolidated cost of sales for the first nine months of the year amounted to Ps.20,640.8 million pesos. The mining division accounted for 86.3% and the railroad division accounted for the remaining 13.7%.

Operating profit for the nine months ended on September 30th of 2000 increased by 185.3% due to the higher sales as well as operating cost reductions in our different subsidiaries. The operating profit during the first nine months of the year represented 15.8% of sales and compares favorably with the 12.1% that these represented of sales during the same period last year.

Operating cash flow (EBITDA) for the nine months ended September 30th of 2000 amounted to Ps.4,376.6 million pesos or 16.8% of sales and represented a 44.6% increase over last year. The higher cash flow was achieved despite the significantly higher energy costs that, when compared to last year, increased by $70.8 million dollars because of higher prices for GMM, GFM as well as SPCC and because of additional volumes consumed due to the higher production. The energy cost increase represented 2.5% of sales and thus represented an equivalent decrease in the EBITDA margin.

The consolidated integrated cost of financing in accordance with Mexican GAAP represented a Ps.143.2 million peso loss during the first nine months of 2000 due principally to the Mexican peso devaluation against the dollar by Ps.75.1 million pesos and a Ps.1,447.7 million peso gain on monetary position.

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 nine months 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.5,887.5 million pesos. With respect to its recognition in the income statement, majority net earnings were impacted by Ps.176.8 million pesos for the first nine months of 2000.

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

FINANCIAL *US GAAP*	*Three Months Ended,* *September 30 2000*	*September 30 1999*	*Var. %*	*Nine Months Ended,* *September 30 2000*	*September 30 1999*	*Var. %*
Net Sales	**$954,475**	$379,454	151.5	**$2,625,105**	$1,069,464	145.5
Operating Profit	**107,907**	58,815	83.5	**246,085**	123,894	98.6
EBITDA	**173,370**	101,379	71.0	**444,083**	227,144	95.5
Conversion Adjustment	**-39,012**	5,931	-757.7	**-20,053**	-4,896	-309.6
Net Profit (Majority)	**-44,917**	49,210	-191.3	**-38,906**	80,125	-148.6
Earnings per Share (Majority)	**-0.07**	0.08	-187.5	**-0.06**	0.13	-146.2

Applies to US GAAP

G.Mexico consolidated results were positively impacted by various factors, including higher production and higher prices of the majority of the metals that we produce compared to the same period last year as well as significant operating and administrative cost savings at our mining subsidiaries, ASARCO and SPCC, that now amount to over $132 million dollars year to date.

G. Mexico's consolidated net sales for the third quarter of 2000 amounted to $954.5 million dollars and were 151.5% higher than last year. For the first nine months of 2000, net sales were 145.5% higher than those reported during the same period last year. The increase in sales is due to increased production sales volumes at each of our subsidiaries as well as at the consolidated level as is indicated in the aforementioned consolidated production sales table.

Consolidated sales also benefited from the higher market prices of the majority of the metals that we produce as is demonstrated in the metal's market prices table. The mining division accounted for 85% of sales and was denominated in dollars and the remaining 15% corresponded to the railroad division and was denominated in pesos.

The consolidated cost of sales for the first nine months of the year amounted to $2,076.0 million dollars. The mining division accounted for 85.7% and the railroad division accounted for the remaining 14.3%. In accordance with US GAAP, the cost of sales includes the workers profit sharing charge which amounted to $34.4 million dollars and compares to $22.4 million dollars during last year.

Operating profit for the nine months ended on September 30th of 2000 increased by 98.6% due to the higher sales as well as operating cost reductions in our different subsidiaries. The operating profit during the first nine months of the year represented 9.4% of sales and compares with 11.6% that these represented of sales during the same period last year.

Operating cash flow (EBITDA) for the nine months ended September 30th of 2000 amounted to $444.1 million dollars or 16.9% of sales and represented a 95.5% increase over last year. The higher cash flow was achieved despite the significantly higher energy costs that when compared to last year increased by $70.8 million dollars because of higher prices for GMM, GFM as well as SPCC and because of additional volumes consumed due to the higher production. The energy cost increase represented 2.7% of sales and thus represented an equivalent decrease in the EBITDA margin.

During the third quarter of the year, the conversion adjustment registered a negative effect in the amount of $39.0 million dollars. This adjustment is principally derived from converting Mexican peso deferred tax liabilities into US dollars. In other words, because deferred tax liabilities are Mexican peso denominated, any appreciation of the peso increases the dollar amount of such liabilities, conversely, any depreciation will decrease said liabilities. It is important to underline that these are not cash items.

OTHER RELEVANT INFORMATION

Investments

Total capital investment for the first nine months of 2000 amounted to Ps. 3,146.6 million pesos ($333.7 million dollars) and was funded through the company's own operations. With respect to the funds from the sales of non-mining assets at ASARCO (Specialty Chemicals and Construction Aggregates) during the first half of 2000 in the amount of Ps.7,527.3 million pesos ($798.3 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.

Break Even Points

With regard to the cash operating cost, as is evidenced in the table below, we can observe a clear decreasing tendency in each of the mining subsidiaries as well as at the consolidated level when compared to the nine month average. This confirms the significant operating cost savings that have occurred since the ASARCO and SPCC acquisition.

CASH OPERATING COST TO PRODUCE AND SELL A POUND OF COPPER

		3 Months Ended Sep/30/ 2000	***9 Months Ended Sep/30/ 2000***
Mining División	US Cts./Lb.	**51.4**	60.7
GMM	US Cts./Lb.	**40.2**	42.7
ASARCO	US Cts./Lb.	**70.4**	80.2
SPCC	US Cts./Lb.	**52.9**	53.5

The average price of copper for the first nine months of 2000, as registered in the LME exchange, was of US 81.7 cents per pound of copper and US 84.9 cents per pound of copper for the three months ended September 30th of 2000.

MINING DIVISION

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

During the first nine months of 2000, production volume in our main metal increased by 5.5%. 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

		3 Months Ended Sep/30/ 2000	*3 Months Ended Sep/30/ 1999*	*Var. %*	*9 Months Ended Sep/30/ 2000*	*9 Months Ended Sep/30/ 1999*	*Var. %*
Copper	(MT)	**79,774**	82,372	(3.2)	**240,971**	228,460	5.5
Zinc	(MT)	**46,271**	39,634	16.7	**131,544**	127,727	3.0
Silver	(Kg)	**145,203**	125,364	15.8	**396,523**	385,083	3.0
Gold	(Kg)	**204**	212	(3.8)	**656**	635	3.3
Molybdenum	(MT)	**1,942**	2,278	(14.7)	**5,379**	5,902	(8.9)
Lead	(MT)	**7,214**	8,407	(14.2)	**22,478**	27,111	(17.1)

Precious metals volumes, specifically gold, also registered a significant increase of over 32% in sales with respect to last year due to the initiation of operations of the new precious metals refinery at La Caridad, Sonora. Copper sales volume also increased principally due to the higher throughput capacity at the Caridad smelter after the integral maintenance that took place during the months of June and July, obtaining in the process, higher value added as well as beginning to process some of the concentrate inventories that have been accumulated. This benefit will become more evident during the last quarter of the year as 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.

GMM – PRODUCTION SOLD

		3 Months Ended Sep/30/ 2000	*3 Months Ended Sep/30/ 1999*	*Var. %*	*9 Months Ended Sep/30/ 2000*	*9 Months Ended Sep/30/ 1999*	*Var. %*
Copper	(MT)	**113,831**	93,555	21.7	**300,582**	291,953	3.0
Zinc	(MT)	**42,190**	32,777	28.7	**115,734**	112,618	2.8
Silver	(Kg)	**181,136**	198,406	(8.7)	**510,515**	497,476	2.6
Gold	(Kg)	**794**	434	82.9	**1,966**	1,485	32.4
Molybdenum	(MT)	**1,937**	2,372	(18.3)	**5,476**	5,868	(6.7)
Lead	(MT)	**7,941**	10,974	(27.6)	**24,276**	31,496	(22.9)

For the three months ended September 30th of 2000, GMM sales in dollars amounted to \$330.1 million compared with \$256.9 million during the same period last year, representing an increase of 28.5%. In pesos, GMM sales for the period amounted to Ps.3,294.2 million which compares to Ps.2,789.4 million during the third quarter last year, representing a 18.1% increase.

For the nine months ended on September 30th of 2000, GMM sales in dollars were 19.8% higher in dollars with respect to the same period last year.

GMM – SALES

	3 Months Ended Sep/30/ 2000	*3 Months Ended Sep/30/ 1999*	*Var. %*	*9 Months Ended Sep/30/ 2000*	*9 Months Ended Sep/30/ 1999*	*Var. %*
Thousand Dollars	**330,135**	256,886	28.5	**856,041**	714,555	19.8
Thousand Pesos	**3,294,172**	2,789,433	18.1	**8,751,365**	8,169,876	7.1
EBITDA US 000´s	**54,455**	55,291	(1.5)	**167,346**	139,761	19.7

In accordance with US GAAP, GMM´s operating cash flow, EBITDA, for the three months ended September 30th of 2000 amounted to $54.5 million dollars, or 16.5% of sales, compared with an EBITDA of $55.3 million dollars during the same period last year.

The additional production volumes sold together with the higher metal prices offset the energy price increases and the overvaluation of the peso and translated, for the nine months ended September 30th of 2000, into an EBITDA that amounted to $167.3 million dollars, or 19.5% of sales, compared to $139.8 million dollars last year, representing a 19.7% 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 22,000 metric tones of 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 $71.3 million dollars was invested during the first nine months of 2000 of which $26.2 million was invested during the third quarter.

Review of Operations and Sales - ASARCO

As of September 30th of this year, ASARCO operations in the United States continue to show improvement as cost savings to date in production and administrative costs with respect to the same period last year now exceed $96.0 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 sold during the first half of this year for $512 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 September 30 of the present year, eliminating 100% of the $817 million dollar bridge loan facility used to purchase ASARCO.

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

		3 Months Ended Sep/30/ 2000	*3 Months Ended Sep/30/ 1999*	*Var. %*	*9 Months Ended Sep/30/ 2000*	*9 Months Ended Sep/30/ 1999*	*Var. %*
Copper	(MT)	**63,295**	61,951	2.2	**204,259**	217,376	(6.0)
Zinc	(MT)	**13,685**	14,501	(5.6)	**42,933**	43,704	(1.8)
Silver	(Kg)	**220,421**	229,562	(4.0)	**720,732**	752,751	(4.3)
Gold	(Kg)	**1,646**	1,130	45.7	**5,374**	3,811	41.0
Molybdenum	(MT)	**-**	-	-	**1,683**	1,713	(1.8)
Lead	(MT)	**13,767**	13,916	(1.1)	**46,346**	44,040	5.2

Lead volume sold registered an increase of 5.2% with respect to the first nine months 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 with 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.

ASARCO - PRODUCTION SOLD

		3 Months Ended Sep/30/ 2000	*3 Months Ended Sep/30/ 1999*	*Var. %*	*9 Months Ended Sep/30/ 2000*	*9 Months Ended Sep/30/ 1999*	*Var. %*
Copper	(MT)	**132,793**	112,768	17.8	**372,759**	397,973	(6.3)
Zinc	(MT)	**16,616**	14,639	13.5	**43,113**	43,249	(0.3)
Silver	(Kg)	**333,844**	313,413	6.5	**996,037**	1,078,254	(7.6)
Gold	(Kg)	**2,853**	2,034	40.3	**8,602**	7,638	12.6
Molybdenum	(MT)	**-**	445	(100.0)	**832**	1,300	(36.0)
Lead	(MT)	**13,189**	15,561	(15.2)	**41,230**	44,835	(8.0)

For the three months ended September 30th of 2000, ASARCO sales in dollars amounted to $319.9 million compared with $307.7 million during the same period last year, representing a slight increase of 4.0%.

For the nine months ended on September 30th of 2000, this subsidiary's sales in dollars were 4.0% lower in dollars and when referred to pesos, sales were 10.9% lower 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

	3 Months Ended Sep/30/ 2000	*3 Months Ended Sep/30/ 1999*	*Var. %*	*9 Months Ended Sep/30/ 2000*	*9 Months Ended Sep/30/ 1999*	*Var. %*
Thousand Dollars	**319,944**	307,741	4.0	**944,348**	983,514	(4.0)
Thousand Pesos	**2,997,677**	2,980,670	0.6	**8,756,228**	9,822,694	(10.9)
EBITDA US 000´s	**8,689**	(50,143)	117.3	**4,940**	(99,491)	105.0

In accordance with US GAAP, EBITDA for ASARCO during the three months ended September 30th of 2000 amounted to $8.7 million dollars, compared to an operating loss plus depreciation of ($50.1) million dollars for the same period last year. The EBITDA at this subsidiary registered a ($15.2) million dollars loss during the first quarter of 2000, an $11.5 million dollar gain in the second quarter and we expect an EBITDA of approximately $15 million dollars for the last quarter of the year.

For the nine months ended September 30th of 2000, ASARCO´s EBITDA amounted to $4.9 million dollars. This figure compares to an operating loss plus depreciation of ($99.5) million dollars during the same period last year.

With respect to capital expenditures in new projects at ASARCO, a total of $36.7 million dollars was invested during the first nine months of 2000 of which $15.1 million was invested during the third quarter. All of these investments were allocated to 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 2.3% to 251,714 tonnes year to date compared with 246,019,205 tonnes 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

		3 Months Ended Sep/30/ 2000	***3 Months Ended Sep/30/ 1999***	***Var. %***	***9 Months Ended Sep/30/ 2000***	***9 Months Ended Sep/30/ 1999***	***Var. %***
Copper	(MT)	**88,156**	83,814	5.2	**251,714**	246,019	2.3
Silver	(Kg)	**36,142**	26,147	38.2	**94,966**	72,319	31.3
Gold	(Kg)	**50**	58	(13.8)	**150**	172	(12.8)
Molybdenum	(MT)	**1,907**	1,326	43.8	**5,075**	3,903	30.0

SPCC - PRODUCTION SOLD

		3 Months Ended Sep/30/ 2000	***3 Months Ended Sep/30/ 1999***	***Var. %***	***9 Months Ended Sep/30/ 2000***	***9 Months Ended Sep/30/ 1999***	***Var. %***
Copper	(MT)	**90,088**	90,267	(0.2)	**253,978**	248,991	2.0
Silver	(Kg)	**31,025**	31,733	(2.2)	**87,482**	73,754	18.6
Gold	(Kg)	**62**	43	44.2	**168**	268	(37.3)
Molybdenum	(MT)	**1,889**	1,369	38.0	**5,134**	3,887	32.1

For the three months ended September 30th of 2000, SPCC sales of products in dollars amounted to $185.1 million compared with $156.1million during the same period last year, representing an increase of 18.6%.

For the nine months ended on September 30th of 2000, SPCC sales were 22.5% higher in dollars when compared with last year.

SPCC – SALES

	3 Months Ended Sep/30/ 2000	*3 Months Ended Sep/30/ 1999*	*Var. %*	*9 Months Ended Sep/30/ 2000*	*9 Months Ended Sep/30/ 1999*	*Var. %*
Thousand Dollars	**185,055**	156,086	18.6	**505,198**	412,404	22.5
Thousand Pesos	**2,498,199**	2,651,074	(5.8)	**5,573,781**	5,249,067	6.2
EBITDA US 000´s	**65,820**	36,600	79.8	**159,060**	85,814	85.4

In accordance with US GAAP, EBITDA for SPCC during the three months ended September 30th of 2000 amounted to $65.8 million dollars, or 35.6% of sales, compared to an EBITDA of $36.6 million dollars for the same period last year.

For the nine months ended September 30th of 2000, SPCC´s EBITDA amounted to $159.1 million dollars and compares to an operating profit plus depreciation of $85.8 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 90% completion at the end of the third quarter of 2000, with an investment of $70.0 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.

Two proposals have been received to resume the Ilo smelter modernization and expansion project, and have been evaluated. Both alternatives fulfill our requirements to use the most efficient proven technology. We are presently studying the possibility, with the objective of increasing the return on investment, of increasing the design capacity to 1.8 million metric tones instead of the 1.1 million metric tones originally considered. We are presently considering an increase from the required So^2 gas emissions captures of 92% to a minimum of 95%. Thus, we are evaluating the economic terms, financial and fiscal benefits for new investments that allow us to position this new smelter as a strategic investment in the Southern Hemisphere, located in the Port of Ilo, Peru, constituting itself as the largest and best environmental control smelter in said hemisphere. The objective would be to comply, with significant anticipation, to the strictest international environmental regulation practices with the limit date in 2006, allowing for additional volumes that support the mining growth of Peru and SPCC Peru.

In addition, basic engineering for expansion of the Toquepala concentrator and mine as well as feasibility studies for a leaching section and a SX/EW plant at Cuajone continue. 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 $84.9 million dollars was invested during the semester of which $28.6 million was invested during the third quarter of the year.

RAILROAD DIVISION

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

GFM continues to contribute positively to the consolidated results. During the year 2000, the railroad division registered significant operating efficiency gains, increases in transported volume, decreased unit operating costs and increased sales for services rendered. All of these advances translate into increased profitability and higher margins despite the higher diesel fuel costs, which represent about 17% of the railroad division's operating costs and have increased about 47% with respect to last year.

The improved margins are a result of a 7.5% increase in tons-kilometer compared to the same period last year together with a decrease in diesel consumption per ton-kilometer and a change in the mix in the products that we transport. In other words, traffic has been increased in higher margin segments as is the case for the automobile sector, which registered a 101.2% increase during the third quarter of 2000 compared to the same period last year, and the intermodal sector, which increased by 83.7% quarter to quarter. In addition, the percentage of warnings that slow railroad traffic have decreased by 38.8% during the first nine months of 2000 when compared to the same period 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 September 30th of 2000, GFM sales for services in dollars amounted to $148.7 million compared with $129.0 million during the same period last year, representing an increase of 15.2%. For the nine months ended on September 30th of 2000, sales for services in dollars at GFM were 17.2% higher.

GFM – SALES FOR SERVICES

	3 Months Ended Sep/30/ 2000	***3 Months Ended Sep/30/ 1999***	***Var. %***	***9 Months Ended Sep/30/ 2000***	***9 Months Ended Sep/30/ 1999***	***Var. %***
Thousand Dollars	**148,703**	129,048	15.2	**430,071**	367,011	17.2
Thousand Pesos	**1,401,215**	1,332,732	5.1	**4,151,255**	3,938,664	5.4
EBITDA US 000´s	**41,960**	39,931	5.1	**115,642**	99,234	16.5

In accordance with US GAAP, GFM´s EBITDA for the three months ended September 30th of 2000 amounted to $42.0 million dollars, or 28.2% of sales, compared with an EBITDA of $39.9 million dollars during the same period last year, a 5.1% increase. For the nine months ended September 30th of 2000, the EBITDA for this division amounted to $115.6 million dollars, or 26.8% of sales, compared to $99.2 million dollars last year, also representing an important increase of 16.5%.

With respect to capital expenditures in new projects and asset acquisitions, a total of $86.2 million dollars 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 STATEMENT OF INCOME

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

Figures presented in US GAAP	***Three Months Ended:***			***Nine Months Ended:***		
	Sep. 30 2000	***Sep. 30 1999***	***Var. %***	***Sep. 30 2000***	***Sep. 30 1999***	***Var. %***
Total Sales of Products & Services	954,475	379,454	152	2,625,105	1,069,464	145
Cost of Sales	753,221	253,287	197	2,075,999	787,250	164
Administrative Costs	27,884	24,788	12	105,023	55,070	91
Depreciation & Amortization	65,463	42,564	54	197,998	103,250	92
Operating Profit	**107,907**	**58,815**	83	**246,085**	**123,894**	99
Net Cost of Financing:						
Interest earned	(9,145)	(38,839)	(76)	(19,353)	(89,765)	(78)
Interest paid	71,116	27,047	163	211,534	83,388	154
Conversion effect	39,012	(2,664)	(1,564)	20,053	4,896	310
Net Total Cost of Financing	100,983	(14,456)	(799)	212,234	(1,481)	(14,430)
Other Income	(6,632)	11	(60,391)	(13,955)	(2,355)	493
Profit Before Taxes	**13,556**	**73,260**	(81)	**47,806**	**127,730**	(63)
Total Provisions for taxes	35,245	17,928	97	37,748	23,072	64
	-	-	0	(1,246)	6,084	0
Profit before minority interest	**(21,689)**	**55,332**	(139)	**11,304**	**98,574**	(89)
Participation in associated companies						
Minority Interest	23,228	6,122	279	50,210	18,449	172
Net Profit	**(44,917)**	**49,210**	(191)	**(38,906)**	**80,125**	(149)
EBITDA	173,370	101,379	71	444,083	227,144	96
Earnings per Share – Dollars	(0.07)	0.08	(191)	(0.06)	0.13	(149)
Number of Shares in Thousands	630,225	630,000	0	630,225	630,000	0

GRUPO MEXICO - CONSOLIDATED BALANCE SHEET

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

	Nine Months September 30, 2000	***Nine Months September 30, 1999***	***Var. %***
ASSETS			
CURRENT ASSETS			
Cash and marketable securities	174,028	570,424	(69)
Notes and accounts receivable:			
Clients	402,667	160,717	151
Refundable taxes	52,384	54,540	(4)
Others	86,857	18,542	368
Total notes and accounts receivable	**541,908**	**233,799**	132
Inventories of primary and secondary metals and byproducts	445,326	145,760	206
Materials and supplies	272,746	173,294	57
Prepaid expenses and other	84,924	1,196	7,001
Total current assets	**1,518,932**	**1,124,473**	35
OTHER ASSETS	343,294	200,054	72
PROPERTY AND EQUIPMENT NET	4,716,303	2,721,939	73
COMMERCIAL CREDITS	55,829	23,432	138
INVESTMENTS	94,081	12,127	676
TOTAL ASSETS	**6,728,439**	**4,082,025**	65
LIABILITIES AND STOCKHOLDERS EQUITY			
CURRENT LIABILITIES:			
Short term debt	251,066	171,902	46
Accounts payable	632,480	183,800	244
Taxes payable	103,494	18,001	475
Other current liabilities	152,319	106,762	43
Total current liabilities	**1,139,359**	**480,465**	137
LONG TERM NOTES PAYABLE	2,513,470	1,253,005	101
VOLUNTARY RETIREMENT AND SENORITY PREMIUMS RESERVE	123,362	6,332	1,848
DEFERRED TAXES AND OTHER LIABILITIES	369,327	240,011	54
TOTAL LIABILITIES	**4,145,518**	**1,979,813**	109
Minority interest in subsidiaries	846,018	262,876	222
STOCKHOLDERS EQUITY			
Capital stock			
Effect of deferred taxes	864,488	864,377	0
Reserve for repurchase of own shares	1,074	-	
Retained earnings	155,023	155,023	-
Cumulative effect of restatement	716,318	819,936	(13)
TOTAL STOCKHOLDERS EQUITY	**1,736,903**	**1,839,336**	(6)
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**6,728,439**	**4,082,025**	39