GRUPOMEXICO

NEWS RELEASE

Mexico City, D.F.
October 29, 2001

GRUPO MEXICO THIRD QUARTER 2001 RESULTS

Highlights (Expressed in thousands of US Dollars – US GAAP) (*)

FINANCIAL	*Three Months Ended:*			*Nine Months Ended:*		
US GAAP	*Sept 30th 2001*	*September 30th 2000*	*Var. %*	*September 30th 2001*	*Sept. 30th 2000*	*Var. %*
Net Sales	**695,934**	948,587	(26.6)	**2,241,144**	2,637,340	(15.0)
Cost of Sales	**582,729**	766,033	(23.9)	**1,787,573**	2,087,115	(14.4)
Administrative cost	**32,090**	30,878	3.9	**93,444**	106,142	(12.0)
Operating Earnings	**13,229**	86,213	(84.7)	**148,848**	246,085	(39.5)
Operating Cash Flow (EBITDA)	**81,114**	151,676	(46.5)	**360,127**	444,083	(18.9)
Financing Costs (net)	**62,186**	61,971	0.3	**184,858**	192,181	(3.8)
Net Loss (Majority)	**(46,995)**	(70,016)	(32.9)	**(89,701)**	(64,005)	40.1
Earnings per Share (Majority)	**(0.07)**	(0.11)	(36.4)	**(0.14)**	(0.10)	40.0

* Because of the nature of our mining business activities, sales of which 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 third quarter ended September 30, 2001 include those operations of Americas Mining Corporation (AMC) and Grupo Ferroviario Mexicano (GFM) and Infraestructura y Transportes México (ITM) that consolidate the results of the operating companies; Minera Mexico (MM), ASARCO, Southern Peru Copper Corporation (SPCC) and Ferromex.

Applies to US GAAP:

G.Mexico consolidated results for the third quarter and nine months ending September 30, 2001, feature higher efficiencies which allowed us to make significant cuts in operating and administrative costs at all subsidiaries. These cost reductions were the result of significant personnel reductions, the closure of some of our mining operations, and adjustments to our smelting plants and refineries in response to current mining industry conditions. In addition, the company has reduced its purchases of ores from third parties which did not provide margins for G.México mining companies as a result of the poor market conditions. These actions lowered costs and expenses in the third quarter by 22.8% when compared to the same period of the previous year, with total savings of \$182.1 million. With reference to the first nine months of the current year, these cost savings totaled \$312.2 million, representing a 14.2% reduction over the same period of the previous year.

It should be noted that these important cost savings, together with the excellent results achieved at our railroad operations, were not sufficient to entirely mitigate the unprecedented decline of the prices of all the metals that we produce and sell, as well as the increase in energy supplies and electricity prices during the year. We will continue to make additional efforts that will allow us to adjust our operations to the needs of the present markets.

G.Mexico consolidated sales for the first nine months amounted to $2,241.1 million, representing a 15.0% decrease compared to the same period in 2000. With respect to the third quarter, sales amounted to $695.9 million, a 26.6% decline when compared to the same period last year. This decrease can be mainly attributed to the lower metal market prices and to lower volumes sold. The average price of copper registered a decline of 22.9%, zinc 29.8%, molybdenun 14.8% and silver 12.2% during the third quarter compared to the average price during the same period of the previous year.

METALS MARKET PRICES

		Three Months Ended:			*Nine Months Ended:*		
		Sept-30th 2001	*Sept-30th 2000*	*Var. %*	*Sept-30th 2001*	*Sept-30th 2000*	*Var. %*
Copper	US Cts./Lb.	**67.4**	87.4	(22.9)	**74.9**	83.3	(10.1)
Zinc	US Cts./Lb.	**37.5**	53.4	(29.8)	**42.0**	52.0	(19.2)
Silver	Dllrs./Oz	**4.3**	4.9	(12.2)	**4.4**	5.0	(12.0)
Gold	Dllrs./Oz	**274.5**	276.6	(0.8)	**268.5**	282.3	(4.9)
Molybdenum	US Dllrs./Lb	**2.3**	2.7	(14.8)	**2.3**	2.6	(11.5)
Lead	US Cts./Lb	**21.3**	21.4	(0.5)	**21.6**	20.3	6.4

During the first nine months of the year, sales volume of our main product, copper, registered a reduction of 52,823 tons, equivalent to a 6% reduction compared to the same period of the previous year. Similarly, sales volumes for zinc and silver are off, with a 19.2% reduction in zinc and 12% in silver. These reductions were mainly noticeable in the third quarter, as a result of adjustments of plant capacities and closures of some mining facilities implemented during the year under the total and unit production cost optimization criterion and over the volume maximization criterion.

CONSOLIDATED METALS VOLUME SOLD

		3 Months Ended Sep/30/ 2001	*3 Months Ended Sept/30/ 2000*	*Var %*	*9 Months Ended Sep/30/ 2001*	*9 Months Ended Sept/30/ 2000*	*Var %*
Copper	(MT)	**267,596**	305,073	(12.3)	**821,732**	874,555	(6.0)
Zinc	(MT)	**49,549**	58,806	(15.7)	**143,721**	158,847	(9.5)
Silver	(Kg)	**186,781**	399,750	(53.3)	**897,100**	1,283,672	(30.1)
Gold	(Kg)	**910**	2,706	(66.4)	**5,696**	8,920	(36.1)
Molybdenum	(MT)	**3,696**	3,826	(3.4)	**10,576**	12,082	(12.5)
Lead	(MT)	**7,754**	20,890	(62.9)	**41,505**	62,529	(33.6)

As a reminder, 81.5% of earnings is denominated in dollars and correspond to the mining division. The remaining 18.5% corresponds mainly to the railroad division and is mostly denominated in pesos.

G.Mexico's operating earnings represent 6.6% of the sales compared to 9.3% of the year before, amounting to $148.8 million for the first nine months of the year. The operating cash flow (EBITDA) for the third quarter of the year was $81.1 million, representing 11.7% of the sales; in the nine months ended on September 30th of the current year, EBITDA was $360.1 million, 18.9% less when compared to the same period of the year before, despite the previously mentioned cost savings of more than $300 million.

Cash Breakeven point in terms of pounds of copper

(figures in dollar cents per pound of copper)

The cash breakeven point for Americas Mining Corporation, which consolidates the mining division, was 49.8 cents as of September, compared to 60.0 cents for the previous year. This represents a reduction of 10.2 cents per pound of copper, or a 17% reduction. Net financial expenses in terms of dollar cents per copper pound represented 9.0 cents when compared to 9.4 cents of the year before. With respect to taxes, same represented 2.6 cents compared to 1.8 of the year before to have a cash breakeven point of 61.4 cents compared to last year's 71.2. For G. México consolidated, which includes non-mining operations, the cash breakeven point was 55.8 cents as of September 30 of this year compared to 66.6 cents for the previous year.

Investments

The investment program that has been carried out in the last three years includes $305.7 million that have been expensed during this year; $266.6 million of which corresponds to the mining division with the completion and start up of the new electrolytic plant in Cananea, Mexico, last August, as well as the completion and the expansion of the Toquepala-Cuajone leaching system in Peru. The aforesaid concludes most of the mining investment program started three years ago, which will allow the company to generate additional resources in the future. The 30% expansion of the capacity of the concentrator in Toquepala, Peru, is in progress and will be completed by the middle of the year 2002, which will permit important unit savings, with a total investment cost of $64 million, $30 million of which have been expensed as of this date. With respect to the investment in the new smelter in Illo, Peru, the technical-economical proposals received are under final evaluations.

The investment in the transport division was $39.1 million, which were invested in infrastructure and technological improvements for the railroad system.

These capital expenditures were mainly funded through the company's own operating resources as well as with resources from third parties.

Financing

In consideration of the circumstances prevailing in the markets and with the purpose of adjusting to the current credit conditions and obligations, we are currently negotiating with ours banks and investors participating in such credits in order to obtain better conditions more in accordance with current needs. The total debt as of September 30, 2001 is in the amount of $3,222.9 million, with cash on banks of $555.2 million, which is equivalent to net debt of $2,667.8 million.

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

Company	**Balance as Sep/30/01**	**Due in: 2001**	**2002**
Grupo México	85,505	3,000 (1)	37,000
Grupo Minero Mexico	1,310,932	10,500	150,930(2)
Asarco Inc.	1,023,105	70,683(2)	450,000 (2)
Southern Perú Copper Corp.	199,886	NA	NA
Grupo Ferroviario Mexicano	48,325	0	7,983
Total	**2,667,753**	**84,183**	**645,913**

(1) 3 million dollars were repaid during October 2001

(2) Within the credit agreements for the acquisition of Asarco in 1999, through a pool of banks under the leadership of the Chase Manhattan Bank (Chase), in three different contracts for a total amount of $1,417 million; a large portion of which, in the amount of $967 million was settled before it was due, remaining an outstanding balance of the credit in the amount of $450 million that was agreed upon by our subsidiary Asarco, with a three year term due in November 2002, and which was mainly allocated to repay short term financing that Asarco had already contracted at the acquisition date. We are currently in the process of negotiating with the banks under the leadership of Chase in order to adequate the conditions and terms of these credits to the current market and Company conditions.

(3) We are in the process of negotiating with the banks and investors participating in these credits with the purpose of adequacy of the amortization of the debt with the current conditions.

Rating of Securities

Fitch Ibca Duff & Phelps, a rating agency, recently announced that it has considered G.México's results, which were affected by the decline in the price of industrial metals, mainly copper, as a result of the recession in the world economy, particularly in the United States, which was worsened by the tragic events that recently occurred, and reduced the debt qualification of the subsidiary Mexicana Grupo Minero México, S.A. de C.V. from BBB – to BB.

Likewise, this same rating agency has recently ratified the BBB – (investment grade) rating of the Peruvian subsidiary Southern Peru Copper Corporation.

International Copper Market

G.Mexico has reduced its copper sales during the third quarter of the year by 37,477 metric tons, which in yearly terms mean approximately 150,000 tons. As a consequence of the lower volumes produced in its mines, the closure of certain mining units and the lower treatment of minerals from third parties, G.Mexico has reached a cash breakeven operating point in the mining division of 49.8 cents per copper pound over the first nine months of the year.

G.Mexico has acknowledged the recent announcement made by Phelps Dodge, that it will reduce its copper production by 220,000 metric tons, as a realistic effort, and is aware of the market needs in the face of the current economic cycle, especially, within the mining sector.

G.Mexico would seriously consider continuing to cut back production as an orthodox reply to the significant increase in the world inventories. We are convinced that reasonable inventories will protect future markets and will create an additional protection against the uncertainty of the economic factors we are facing.

FASB-133- Accounting for Derivative Instruments and Coverage Activities

This accounting standard in effect since January 2001, sets the valuation, registration and disclosure methods for financial instruments. This standard requires the effects of the financial instruments held under contracts affecting earnings or capital because of their effect, to be registered as assets, liabilities or capital. Financial instruments that have been designated and that effectively act as coverage for an asset, or liabilities or future operations, will affect the earnings statement or the social capital when they occur. As of September 30, 2001, the Company is measuring the effect this new regulation will have on the financial statements.

Applies to Mexican GAAP:

Highligths (Expressed in Thousand of Mexican Pesos – Mexican GAAP)

FINANCIAL DATA MEXICAN GAAP	Three Months ended on::			Nine Months ended on::		
	30 September 2001	*30 September 2000*	*Var. %*	*30 September 2001*	*30 September 2000*	*Var. %*
Net Sales	**6,518,885**	11,085,622	(41.2)	**21,731,565**	27,184,459	(20.1)
Cost of Sales	**5,456,923**	9,040,296	(39.6)	**17,228,903**	21,526,056	(20.0)
Administrative Expenses	**293,193**	316,976	(7.5)	**873,102**	1,065,533	(18.1)
Operating Income (*)	**(134,027)**	859,625	(115.6)	**837,422**	1,970,161	(57.5)
EBITDA	**768,769**	1,728,350	(55.5)	**3,629,560**	4,592,870	(21.0)
Integral Financing Cost	**1,131,712**	(609,547)	N.A.	**837,731**	135,833	N.A.
Net (Loss) Income (*)	**(1,351,168)**	678,408	N.A.	**(780,901)**	185,238	N.A.
(Loss) Income per Share(*)	**(2.07)**	1.08	N.A.	**(1.20)**	0.29	N.A.

* For comparability of these captions, the amortization of the excess carrying amount over the cost of shares generated by the Asarco acquisition is not included.

G.Mexico consolidated results for the third quarter and nine months ended September 30, 2001 feature higher efficiencies which allowed us to make significant cuts in operating and administrative costs at all subsidiaries. These cost reductions were the result of significant personnel reductions; the closure of some of our mining operations, and a reduction in purchases of ore from third parties which do not give rise to additional treatment margins for G.México mining companies as a result of the weaker market conditions. These actions lowered costs and expenses in the third quarter by 28.8% when compared to the same period of the previous year with total savings in the amount of $2,322.5 million pesos. With reference to the first nine months of the current year, these cost savings totaled $4,489.6 million pesos representing a 19.9% reduction over the same period of the previous year.

It should be noted that these important cost savings, together with the excellent results achieved at our railroad operations, were not sufficient to entirely mitigate the unprecedented decline of the prices of all of the metals that we produce and sell, as well as the increase in the energy supplies fuel and electricity prices during the year. We will continue to make additional efforts that will allow us to adjust our operations to the needs of the present markets.

G.Mexico consolidated sales for the first nine months of this year amounted to $21,731.6 million pesos representing a 20.1% decrease when compared to the year before. With respect to the third quarter, sales amounted to $6,518.9 million pesos, a 41.2% decline when compared to those reported last year over the same period. This decrease can be mainly attributed to lower metal market prices and to lower volumes sold.

The average price of copper registered a decline of 22.9%, zinc 29.8%, molybdenun 14.8% and silver 12.2% during the third quarter compared to the average price during same period of the previous year.

During the first nine months of the year, sales volume of our main product, copper, registered a reduction of 52,823 tons, equivalent to a 6% reduction compared to the same period of the previous year. These reductions were most noticeable in the third quarter, as a result of adjustments of plant capacities and closing some mining facilities implemented during the year under the total and unit production cost optimization criterion and over the volume maximization criterion.

As a reminder, 81.5% of earnings is denominated in dollars and corresponds to the mining division. The remaining 18.5% corresponds mainly to the railroad division and is mostly denominated in pesos.

G.Mexico's operating earnings represent 3.8% of the sales compared to 7.2% of the year before, amounting to $837.4 million pesos for the first nine months of the year. The operating cash flow (EBITDA) for the third quarter of the year was $768.8 million pesos, representing 11.8% of the sales; over the nine months ended on September 30th of the current year, EBITDA was $3,629.6 million pesos, 21.0% less when compared to the same period of the year before, despite the previously mentioned cost savings of more than $4,000 million pesos.

With reference to the consolidated integrated cost of financing pursuant to Mexican GAAP, it represented a $837.7 million pesos net expense as of September 30, 2001, mainly as a result of a net debt financing cost of $1,767.1 million pesos, because of a $844.0 million peso gain on monetary position and an exchange gain due to the Mexican peso appreciation against the dollar in the amount of $85.4 million pesos.

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G.Mexico would seriously consider continuing cut back production as an orthodox reply to the significant increase in the world inventories. We are convinced that reasonable inventories will protect future markets and will create an additional protection against the uncertainty of the economic factors we are facing.

Bulletin C-2
Beginning on January 1st of 2001 the new accounting Bulletin C-2, "Financial Instruments" became effective, which establishes the methods for the valuation and recognition of financial instruments. This bulletin requires that the effects of the financial instruments held under contracts, affecting the financing integrated results with their effect, be registered as assets and liabilities. Financial instruments that have been designated and that effectively act as coverage for assets, or liabilities or for future operations, will affect the assets or liabilities or the corresponding transactions when they occur. As of September 30th, 2001, the Company is measuring the effect this new regulation will have on the financial statements.