GRUPOMEXICO

NEWS RELEASE

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GRUPO MEXICO, S.A. DE C.V. ANNOUNCES FOURTH QUARTER 1999 CONSOLIDATED RESULTS

GRUPO MEXICO

Global Expansion Strategy

In line with our goal to become an international mining company, on October 25, 1999, Grupo México and ASARCO Incorporated signed a definitive merger agreement under which Grupo México acquired ASARCO for $29.75 in cash net per ASARCO share. On November 17, 1999, the acquisition of ASARCO was completed.

The combined entity forms one of the world's preeminent international mining houses: number 3 in the world copper market, number 5 in the world zinc market, number 3 in the world silver market, and number 5 in the world molybdenum market. Grupo México also increased its low cost ore reserve base, extended its average life, gained flexibility to rationalize its operations and, increased its capability de develop additional production capacity.

Consolidated Financial Results

Several factors affected cumulative fourth quarter 1999 financial performance. On one side, the prices of our principle metals were considerably lower than those registered last year, the 4.2% appreciation of the peso against the US Dollar that negatively impacted sales and, the Cananea mining unit where operations reinitiated in March, after 3 months of interruption, due to an illegal strike. The situation was resolved to the satisfaction of all parties involved with new working and productivity standards as well as new functions and labor base that will permit for the development and necessary investment for the facilities optimization. On the other hand, increased operating efficiencies in the rest of the mining units generated higher levels of production and lower operating costs than those achieved during the same period in 1998. Mining production and administrative costs registered a 6.6% and a 10.5% decrease respectively from those registered during the same period last year.

Similarly, the railroad sector contributed positively to the consolidated results due to greater volume transported and an increase in average distances traveled. Sales increased by 16.6% when compared to last year. The railroad operation initiated operations in February of 1998.

Despite the strong fall in metals prices, consolidated sales for the year 1999 were 9.0% higher from those registered during 1998 due, in part, to the consolidation of 44 days of sales from ASARCO and higher sales from the railroad sector. The mining sector accounted for 72.3% of total revenues, and the railroad sector accounted for the remaining 27.7% of total revenues.

The operating profit up to the final quarter of 1999 was Ps. 1,590.5 million that represents 9.2% of the consolidated sales. Operating profit plus depreciation (EBITDA) represented 21.7% of revenues and is equivalent to Ps. 3,754.3 million (US $394.3 million).

Net interest expense and the integral cost of financing positively impacted the net income of the company as a result of the currency fluctuation and the company's monetary positions.

The Group's reported 1999 accumulated fourth quarter net income amounted to Ps. 1,826.4 million or 10.5% of sales at the consolidated level. This compares to 596.9 million pesos during the same period last year or 3.8% of sales.

MINING DIVISION (GMM/ASARCO)

Grupo Minero México (GMM)

During 1999, production volume sold in our main metal increased despite the illegal strike at Cananea that slowed the continuity of operations. On the other hand, zinc volume sold registered a slight decrease with respect to last year due to major maintenance performed on the San Luis Potosí zinc refinery. Precious metals volumes were also affected by the continued diversion of large amounts of gold and silver to the new precious metals refinery at Mexcobre as well as lower mine production of these metals.

PRODUCTION SOLD

		4Q-1999 (Accum.)	4Q-1998 (Accum.)	Percent Change
Copper	(TM)	389,397	380,124	2.4
Zinc	(TM)	148,649	151,053	(1.6)
Silver	(Kg)	606,310	678,812	(10.7)
Gold	(Kg)	1,989	3,245	(38.7)
Molybdenum	(TM)	7,798	5,866	32.9
Lead	(TM)	35,621	30,452	17.0

Average realization prices up to the fourth quarter of 1999 were significantly lower than those of the same period a year ago.

METALS AVERAGE ANNUAL REALIZATION PRICES

		4Q-1999 (Accum.)	4Q-1998 (Accum.)	Percent Change
Copper	US cents/LB	75.0	77.0	(2.6)
Zinc	US cents/LB	53.0	51.0	3.9
Silver	USD/Oz	5.23	5.59	(6.4)
Gold	USD/Oz	279.61	305.52	(8.5)
Molybdenum	USD/LB	2.68	3.12	(14.1)
Lead	US cents/LB	23.0	24.0	(4.2)

However, we can observe a recovery in metal commodity prices toward the end of the fourth quarter of 1999, with the exception of molybdenum and lead.

METALS AVERAGE REALIZATION PRICES

		4Q-1999 (Accum.)	3Q-1999 (Accum.)	Percent Change
Copper	US cents/LB	75.0	72.0	4.2
Zinc	US cents/LB	53.0	51.0	3.9
Silver	USD/Oz	5.23	5.19	0.8
Gold	USD/Oz	279.61	274.25	1.9
Molybdenum	USD/LB	2.68	2.69	(0.4)
Lead	US cents/LB	23.0	23.0	0.0

The continued up-swing in commodity prices confirms some analyst's expectations with respect to the beginning of a recovery in the Asian economies, especially Japan, the continued growth of the U.S. economy and China as well as a solid economic outlook for the European economies.

GMM sales were 12.4% lower in pesos compared to 1.9% in dollars due to the appreciation of the Mexican Peso against the US Dollar by almost 4.2%.

GMM SALES

	4Q-1999 (Accum.)	4Q-1998 (Accum.)	Percent Change
Thousands of pesos	10,336,033	11,799,697	(12.4)
Thousands of USD	1,038,591	1,058,208	(1.9)

In view of these developments, the operating profit plus depreciation (EBITDA) for the mining sector during the period was Ps. 2,474.7 million (equivalent to US $259.9 million) that represents 23.9% of sales.

The intensive investment program to integrate toward 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 MT of capacity per annum will add additional benefits to the mining sector in the following quarters.

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

With respect to capital expenditures in new projects and operations, a total of Ps. 1,121.1 million has been invested throughout 1999.

ASARCO & SPCC

On the 17 of November, 1999, Grupo México concluded the acquisition of ASARCO. In accordance with generally accepted accounting principles, the 44 days that transpired between November 17 and December 31, 1999, must be consolidated.

During the aforementioned 44 days, ASARCO's sales amounted to Ps. 2,152.0 million. Operating profit plus depreciation (EBITDA) amounted to Ps. 32.2 million (equivalent to $3.4 million dollars) or 1.5% of sales.

Production volumes sold in ASARCO and SPCC during the 44 days in question is summarized in the following table:

PRODUCTION SOLD

		GMM Total 1999	*ASARCO 44 days 99*	*Total 1999*
Copper	(TM)	389,397	**106,326**	495,723
Zinc	(TM)	148,649	**4,336**	152,985
Silver	(Kg)	606,310	**56,447**	662,757
Gold	(Kg)	1,989	**140**	2,129
Molybdenum	(TM)	7,798	**291**	8,089
Lead	(TM)	35,621	**17,614**	53,235

The acquisition of our new subsidiary amounted to a total consideration of $2.52 billion, including $1.16 billion in assumed ASARCO and SPCC debt, $817 million of incremental debt used to purchase shares and, $556 million in Grupo México equity. The $817 million bridge loan facility was substantially reduced through the sale of ASARCO's Specialty Chemicals Division, Enthone- OMI, to the Cookson Group, PLC for $503 million in cash. Through the sale of other assets during the year 2000, we expect to continue debt reductions until we reach an optimal level.

Further, it is important to mention that Grupo México expects to achieve annual cash cost savings of over $150 million from, among other things, elimination of administrative redundancies, consolidation of purchasing and sales activities and, optimization of concentrate and metal flows between smelters and refineries. We anticipate the transaction to be accretive to our shareholders in earnings and EBITDA by the end of the first year of operations.

RAILROAD DIVISION (GFM)

Grupo Ferroviario Mexicano (GFM)

At the end of 1999, GFM registered an increase in revenues of 16.6% compared to the same period last year. The most dynamic sectors that contributed to such growth were: the chemicals, industrial and intermodal sector which registered a 36.7% growth, the cement sector with 18.8% growth and, the minerals sector with a 16.5% growth.

During the period in question, GFM increased net tons-kilometer by 24.5% when compared to the same period of 1998. GFM also experienced an increase of 27.0% in operating costs with respect to the same period last year due to an intensive investment program directed toward cars and locomotive repairs as well as infrastructure maintenance. The cost of diesel has increased significantly because of the increase in international fuel prices; however, this increase has been recovered through higher fares.

As a result of programmed maintenance, locomotive availability is now sustained at 93.1%. In 1998, availability was maintained at an annual average of 85.2%. Cars' availability is sustained at 92.6%, surpassing that if 1998 which was 83.2%. In infrastructure and rail, we continued with maintenance work to increase availability to international standards having laid 52,078 wooden and concrete sleepers and 23,835 metric tones of new rail.

The percentage of precaution warnings up to December of 1999 decreased to 7.8%.

With respect to capital expenditures in new projects and asset acquisitions, a total of Ps. 2,244.8 million has been invested primarily on the purchase of 50 new GE locomotives of 4,400 horse power each, 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 cash flow generated by the railroad company. The purchase of the locomotives has been financed through U.S. credit facilities.

Administrative costs increased during the year to speedily automate various tasks throughout the 1st quarter of the year 2000 that will subsequently lead to a reduction in costs.

Thus, the railroad sector reported an operating profit margin of 12.9% of period sales that amounted to Ps. 5,034.8 million. Operating profit plus depreciation (EBITDA) was Ps. 1,263.2 million (US$ 132.6 million) or 25.0% of total sales.

GRUPO MEXICO

Consolidated Sales

Consolidated revenues and services up to the fourth quarter of 1999 were Ps. 17,318.7 million, which is an 9.0% increase (in real terms) from the Ps. 15,884.3 million generated in the same period last year. Asarco represented Ps. 1,152.0 million.

GMM generated sales of Ps. 10,336.0 million, a 12.4% reduction in real terms when compared to the four quarters of 1998. These sales were achieved despite considerable declines in metal commodity prices, the illegal strike in the Cananea unit and the depreciation of the Mexican peso against the US dollar.

GFM generated sales of Ps. 5,034.8 million compared to Ps. 4,204.5 million during the same period a year ago.

Consolidated Cost of Sales

GMM's cost of sales for the year decreased, in real terms, by 6.6% to Ps. 7,470.1 million compared to Ps. 8,000.2 million during the same period in 1998. This decrease in cost of sales was obtained despite the Cananea strike imposed shortages of copper concentrate, which reduced inventories and necessitated third party purchases. Administrative cost also registered a 10.5% decrease in real terms when compared to the same period last year.

GFM cost of sales for the four quarters of 1999 was Ps. 3,533.6 million compared to Ps. 2,681.6 million during the same period a year ago, after its incorporation of February 19, 1998.

Consolidated Operating Expenses

Consolidated operating expenses up to the fourth quarter of 1999 amounted to Ps. 2,971.4 million. These expenses include incorporation of the railroad's operational expenses, which amounted to Ps. 849.9 million and the incorporation of ASARCO which amounted to Ps. 331.6 million for the period.

Consolidated Integral Cost of Financing

The consolidated integral cost of financing represented a Ps. 740.4 million gain during the period due to the Mexican peso appreciation against the US Dollar by Ps. 265.0 million and a Ps. 845.9 million gain on monetary position.

Net Income

Accumulated fourth quarter 1999 net income for Grupo México amounted to Ps. 1,826.4 million compared to Ps. 596.9 million during the same period for 1998, a 205.9% increase.

Other Information

Metal Prices and Break Even Points

Metal prices, especially copper and silver, experienced a significant decline during the first nine months of 1999 with prices averaging US72.1 cents/LB and US$5.22/ounce respectively. However, since the beginning of July, metal commodity prices have begun to rebound because of the positive outlook on world markets and the recovery of the Asian economy. Currently, copper has reached US85 cents/LB; silver has reached US5.24 per ounce; and zinc has increased to US54 cents/LB.

It is important to add that the cash operating cost for 1999 to produce and sell a pound of copper was **42.1** cents to the dollar for GMM, **55.4** cents for SPCC and **81.2** cents for ASARCO North America. This number is below recent market prices for copper and will allow Grupo México to move forward through the cyclicty of the market as well as benefit from the up-swing in the cycle and assure the future development and favorable performance of the Company.