CYDSA CONCLUDES ITS CAPITALIZATION AND DEBT RESTRUCTURING PROCESS WITH CREDITOR BANKS AND NOTEHOLDERS
January 19, 2005

•€€€€ Noteholders Meeting approved the exchange of US$159 million Notes for Shares and Convertible Debentures.
•€€€€ Capitalization of the Total US$159 million Notes in Cydsa, S. A. de C. V. (Holding).
•€€€€ The exchange of US$76 million of Textile Bank Debt, for equity in Cydsa's Chemical Companies.
•€€€€ Bank and Notes Debt is reduced by US$209 million.
•€€€€ Substantial improvement of its Financial Structure: Liabilities / Equity Ratio from 3.09 to 1.22 times, and Debt / Equity Ratio from 1.87 to 0.47 times.
•€€€€ The Restructured Bank Debt is sustainable by its chemical companies and there are sources of payment to service US$ 25.5 million of Convertible Debentures.

San Pedro Garza García, N.L., January 19, 2005.- Today, a Meeting of Holders of US$158,997,000 9.375% Notes issued by Cydsa and due in June 2009, was held. The Meeting approved an Extraordinary Resolution to exchange the outstanding principal amount of the Existing Notes, plus accrued and unpaid interest thereon, for an aggregate of:

a) 27,366,750 shares of Cydsa's voting Series "A" Common Stock.
b) 136,833,749 shares of Cydsa's newly authorized non-voting Series "C" Stock and convertible into Series "A" Shares with voting rights within a period of time not exceeding May 1, 2008.
c) US$25.5 million principal amount of Cydsa's Convertible Debentures with maturity on May 1, 2008 (unless advanced to May 1, 2007, if certain conditions are not met), accruing interest at a fixed annual rate of 5%, capitalized every six months. The Convertible Debentures will convert into Series "A" Treasury Shares, if not paid in full.

The exchange was effected on the terms and the conditions set forth in Cydsa's Proxy Solicitation and Offering Circular, dated November 16, 2004, supplemented December 16, 2004, and related documents.

Additionally, the creditor Banks of Cydsa, S. A. de C. V. and subsidiaries, did the following:

•€€€€ Debt capitalization of the textile companies for US$76.0 million and the Creditor Banks* receiving 16.45% of the shares of the subsidiary company Valores Químicos, S. A. de C. V., which is the owner of the shares of the Chemical companies of Cydsa; Cydsa being under obligation to buy such shares by no later than January 11, 2011.
* Creditor Banks include Banamex-Citibank, BBVA-Bancomer and Comerica Bank , which have capitalized US$69.4 million in Debt for 15% of the shares of Valores Químicos, S. A. de C. V. Also included is Bancomext, which has capitalized US$6.6 million in Debt for 1.45% of the shares of Valores Químicos, S. A. de C. V.

The Comisión Nacional Bancaria y de Valores CNBV (National Banking and Securities Commission of Mexico) has approved the issue of the aforementioned shares and the Comisión Federal de Competencia Económica (Federal Economic Competition Commission of Mexico) has approved the operation.

As a result of the agreements of Cydsa with the Noteholders and Creditor Banks, as of the close of September 2004, the total Banking and Notes debt is reduced by US$209 million, from US$375 to US$166 million.

With these operations, a substantial improvement is obtained in the financial position of CYDSA. Taking the figures reported to the Bolsa Mexicana de Valores (Mexican Stock Exchange) as of the close of September 2004, the ratio of Total Liabilities to Equity would show a significant improvement, after taking into account the capitalization, by moving from 3.09 to 1.22 times. In like manner, the Current Ratio would move from 0.60 to 1.72 times and the Debt / Equity Ratio from 1.87 to 0.47 times.
Cydsa's Management feels that with this new Debt structure, the Group and its Subsidiaries have sufficient assets and financial capacity to service the debt with Banks and the payment of the US$25.5 million of Convertible Debentures, while honoring commitments to suppliers and other creditors.

In summary, the London resolutions allowed Cydsa to conclude the following major agreements:

•€€€€ The exchange of US $159 million Notes, for Cydsa's Shares and the Issuance of US $25.5 million of Convertible Debentures.

•€€€€ The exchange of US $76 million of Textile Bank Debt, for equity in Cydsa's Chemical Companies.

•€€€€ The final implementation of a March 16, 2004 Bank Debt Restructuring Agreement, previously dependent on Cydsa's successful negotiation with the Noteholders.

These agreements have allowed Cydsa to completely restructure its major Debt. Cydsa's emphasis will now be directed to the strengthening of its current business portfolio, in order to assure medium and long-term profitable growth.