



## Press Statement

Tucson, AZ (July 4, 2005). Asarco is extremely disappointed that the unions at the company's copper facilities have chosen to strike rather than continue trying to negotiate a new contract. Such action is not constructive, either for the short-term goal of reaching a new contract (which is in the best interest of all concerned) or for the long-term viability of the company.

Copper is a worldwide commodity the price of which fluctuates with cyclical highs and lows. Because producers cannot control the price, they stay competitive by reducing their costs. Asarco is one of the highest cost companies in the industry. The company has not fully recovered from the previous period of low copper prices and must be prepared for the future. Such recovery and long term planning is not possible without employee cooperation. Company management has been doing everything in its power to protect jobs, reduce costs and position the company to be viable over the long term.

Despite presently high copper prices, Asarco reported net profits of \$2.05 million for the first quarter of 2005, compared to \$16.4 million for the same period in 2004, when prices were lower. Reduced first quarter profits primarily resulted from higher environmental and asbestos liability costs, health care and pension expenses, maintenance costs, and costs of mine development that was essential to access economic copper deposits. The latter costs are a legacy of the last copper price slump.

Asarco continues to be willing to work toward an agreement, but substantive talks may not be productive or feasible in the present climate of high tensions and emotions. Asarco is resolutely committed to do whatever is necessary to protect the long-term viability of the company and hopes that the current differences with the unions can be resolved. In the meantime, with the help and support of salaried employees Asarco will continue safe operations at the Ray and Silver Bell properties and the Hayden smelter at reduced levels.