



July 8, 2005

TO: Asarco Employees
FROM: Daniel Tellechea

At a time when Asarco seems besieged on every side, I wish to communicate my thoughts to you about the challenges we currently face.

For over a year now, the Company has been engaged in collective bargaining negotiations. Throughout this period, we have believed that the best course for all concerned was to continue talking and working toward a resolution. The Company has made its position and objectives very clear but has tried to understand and respect the rights and concerns of its employees. We did not implement a Final Proposal to the Copper Group, even though we legally had the right to do so. Instead, we chose to leave the current contract terms in effect and continued to approach the Unions about our proposals.

Asarco is extremely disappointed that the Unions convinced their members to strike. The strike is not in anyone's best interests.

Difficult times, however, are not new to Asarco. The challenges of the past several years have proven the stamina, resilience, dedication and drive of our employees. Our salaried employees have responded to this latest challenge, once again exhibiting hard work, sacrifice, creativity and positive attitudes in the face of adversity.

Some circumstances are beyond our control. But no one can control how a person chooses to respond to such circumstances. Rather than asking "Why is this happening to us?" many employees seem to be asking themselves "What does this situation require of me?" Then they are responding responsibly, with true character, in ways that are in the long-term best interest of the Company and their jobs.

We are deeply concerned about the equally difficult situation in which our hourly employees have been placed. Many of them don't believe that the decision to walk off their jobs is the right one. We hope they will join the rest of us who care about our future and our jobs.

I want to thank all of you who, by working under these circumstances, are showing your loyalty and commitment to Asarco. Please be assured that you are not alone in this endeavor. Your managers and I are committed to make this Company succeed.

Finally, let's not let any interest supersede a safe operation. Let's make sure that the tasks we engage in are those for which we are trained and capable of doing. Nothing is as important as your protection. Nothing should be placed ahead of your safety and health.