

ASARCO

FOR IMMEDIATE RELEASE

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Contact: Joan Beckim (520) 798-7741

Union Rejects Asarco Offer, Refuses to Schedule Further Negotiations

TUCSON Arizona –Today, day 73 of the labor strike affecting its copper operations, ASARCO LLC (Asarco) announced that Union leadership rejected the Company's latest offer, describing it as 'woefully inadequate'. The Union leadership has refused to counter offer and has said it sees no reason to meet with the Company at this time.

The two sides are close to an agreement on a 1-year contract with employees returning to work under the same terms and conditions as existed prior to the strike. However, the issue of successorship, reintroduced to these negotiations by the union leadership during the past two weeks, appears to be the point that is preventing a final agreement and the return to work of 1500 employees. This has occurred despite the fact that, prior to the strike, the Union had voluntarily withdrawn the successorship language from the Ray negotiations.

A timeline of the negotiations is attached.

"Unfortunately, it's becoming apparent that the Union leadership does not want to reach an agreement," said Daniel Tellechea, CEO and President of the Company. "We feel they are not working in the best interest of our employees."

Asarco continues to offer hourly employees the opportunity to return to work under the same terms and conditions that existed before the strike. Accepting this offer would provide an average hourly wage of approximately \$19.00, with a medical plan that covers 90 - 95% of expenses and requires a single employee to contribute only \$5 per

– more –

month. It includes a pension plan and also a 401(k) savings plan with Company match. The average striking Asarco employee has lost about \$7,500 in wages since the strike began. This represents a total of about \$7 million in lost wages in the Hayden/Winkelman, Arizona area alone. "We hope our hourly employees return to work so that Asarco can improve its existing financial position and continue operating," said Tellechea.

Approximately 1500 hourly employees in Arizona and Texas commenced a strike at the beginning of July as part of the Union's negotiating strategy. Asarco's facilities presently are producing copper on a reduced basis with the help of salaried and some hourly employees.

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Asarco Labor Negotiations Timeline as of September 12, 2005

May 5, 2004

Negotiation begins between Asarco and labor unions representing the “Copper Group” - the Mission and Silver Bell mines, Hayden Smelter, and the Amarillo Copper Refinery.

June 30, 2004

Copper Group labor contracts expire. Work continues without a contract under same terms and conditions.

August 16-18, September 20-21, December 1-2, 2004 and January 27-28, February 17-18, and March 14-15, 2005.

Negotiation meetings between Asarco and Copper Group Union.

June 21-30, 2005

Substantive negotiation begins with the Ray Group – the Ray Mine and Hayden Concentrator.

June 30, 2005

Union withdraws proposal for successorship language for the Ray Group.

July 1, 2005

Union breaks off the negotiations at 12:30 a.m.. Asarco indicates desire to continue negotiations.

July 1-3, 2005

Union strike votes held and strike begins at Ray, Hayden, Mission and Silver Bell in that order.

July 5, 2005

A strike vote is held at the Amarillo Refinery and employees strike.

July 22, 2005

Negotiation session with the Ray Group – no progress.

August 9, 2005

Asarco files for Chapter 11 bankruptcy.

August 12, 2005

Asarco meets with the Copper Group and asks the Union to return to work. The Union refuses.

August 19, 2005

Asarco makes formal proposal to the Union to resurrect the expired contracts for a 1-year period under the same terms and conditions.

August 31, 2005

The Union responds to Asarco agreeing with the one year contract, but adding new successorship language.

September 6, 2005

Asarco counters by offering to the Union a modified successorship clause.

September 8, 2005

Union rejects Asarco's counter proposal via email. Asarco replies with request to discuss issues.

September 9, 2005

Union responds by saying that it sees no reason to meet with Asarco.

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