

ASARCO

FOR IMMEDIATE RELEASE

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Asarco Will Employ Replacement Hourly Workers to Increase Copper Production, Ensure Long-Term Viability in Face of Union Response

TUCSON Arizona – Asarco announced today that it will begin employing replacement hourly workers to increase copper production at the company’s facilities. The decision comes as union workers continue the 11th week of a strike that has curtailed copper production at the Tucson-based company, which filed for Chapter 11 bankruptcy on August 9, 2005.

“Obviously our first choice is for our striking employees to return to work and join those salaried and 134 hourly workers who have already done so,” said Company CEO and President, Daniel Tellechea. “However, our top priority at this point is to ensure the long-term viability of the company and avoid jeopardizing its future, and of those who earn their living here.”

Tellechea said that employees who return to work could do so at the same terms and conditions they had before the strike, an offer Asarco has maintained for some time. He also emphasized that reaching new contracts with the Union remains a priority for the company.

Approximately 1500 hourly employees in Arizona and Texas commenced a strike over the July 4th holiday weekend as part of the Unions’ negotiating strategy. The two

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sides are close to an agreement on a one-year contract with employees returning to work under the same terms and conditions as existed prior to the strike. However, the issue of successorship, recently 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 employees' return to work. This has occurred despite the fact that, prior to the strike, the Union had voluntarily withdrawn the successorship language from the negotiations.

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