



FOR IMMEDIATE RELEASE

## **COURT ORDERED MEDIATION MAY HAVE INCREASED SIGNIFICANCE FOR ASARCO'S REORGANIZATION PLAN**

Tucson, AZ – October 14, 2008 – ASARCO LLC attorneys announced today at a status conference with the U.S. Bankruptcy Court in Corpus Christi, TX that the Company's plan sponsor, Sterlite (USA), Inc., has stated that it cannot and will not close the sale transaction under the parties' existing purchase and sale agreement without a reduction in the \$2.6 billion purchase price that it contracted to pay for ASARCO's operating assets.

Sterlite told ASARCO that recent world economic events affecting credit markets have impacted its anticipated financing for operations, capital requirements and acquisitions. Consequently, Sterlite is prioritizing use of its available liquidity for operations and capital rather than acquisition at this time. Sterlite also advised ASARCO that the decline in copper prices has negatively impacted Sterlite's willingness to close the transaction at the contract price. Sterlite has not alleged that the purchase contract is unenforceable or that it lacks the cash to close the transaction.

"ASARCO advised Sterlite and told the court that it is reserving all of its rights under the contract," said Joseph F. Lapinsky, President and Chief Operating Officer of ASARCO.

The bankruptcy court suspended all pending discovery regarding confirmation of both ASARCO's plan and the plan submitted by ASARCO's indirect parent, Americas Mining Corporation (AMC), until after conclusion of mediation scheduled for October 30-31 among ASARCO, AMC and representatives of key creditor constituents in the bankruptcy case. U.S. District Judge Andrew Hanen ordered this mediation to address confirmation issues and resolution of the fraudulent conveyance suit brought by ASARCO against AMC. In August, Judge Hanen ruled that AMC had committed actual fraud in transferring ASARCO's ownership interest in Southern Peru Copper Corporation to AMC in 2003. Judge Hanen has appointed U.S. Bankruptcy Judge Marvin Isgur to serve as a mediator in this matter.

Sterlite has agreed to attend the mediation on October 30-31. Judge Richard Schmidt has scheduled a status conference for November 4 to discuss the results of the mediation and next steps in the reorganization case.

ASARCO is an integrated copper mining, smelting and refining company with approximately 2600 employees. The Company operates three mines, associated mills and a smelter in Arizona and a refinery complex in Texas, which includes plants that produce copper rod and cake, precious metals and by-products. The Company filed for chapter 11 bankruptcy protection on August 9, 2005. For more information, visit <http://www.asarco.com>.

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