

ASARCO NEWS

ASARCO Incorporated
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ASARCO REPORTS FIRST QUARTER RESULTS

NEW YORK, N.Y. April 22, 1999 -- ASARCO Incorporated (NYSE:AR) today reported a net loss of \$35.3 million, or 89 cents per common share, for the quarter ended March 31, 1999, compared with a net loss of \$31.8 million, or 80 cents per common share, for the quarter ended March 31, 1998. Results for the first quarter of 1998 included an after-tax charge of \$16.0 million related to the sale of the Company's Missouri lead business and for severance costs associated with a subsidiary's cost reduction program.

Sales of products and services were \$475.3 million in the first quarter of 1999 compared with \$614.5 million in the same period of 1998.

The average price for copper on the New York Commodity Exchange (COMEX) and the London Metal Exchange (LME) in the first quarter of 1999 was 64 cents per pound compared with 77 cents per pound in the first quarter of 1998. Prices for the Company's other metals were also lower in the first quarter of 1999 compared with the year earlier period. The impact of the lower prices was to reduce earnings by approximately \$35 million when compared with the first quarter of 1998.

Announcing the Company's results, Richard de J. Osborne, Chairman of the Board said, "The net loss reported by the Company is the result of historically low copper prices. During the first quarter of 1999, the price of copper reached a 12 year low, and on an inflation adjusted basis, the price was lower than at any time in Asarco's 100 year history. In response to these conditions, the Company's cost reduction program which was implemented in late 1997 has been expanded in 1999. As a result of this aggressive cost reduction program which has also included a number of investments to improve operating efficiencies, the Company's production costs have been sharply reduced, but not enough to overcome the effect of the depressed copper price. The impact of the Company's cost reduction program and other operating savings is estimated to have reduced the net after-tax loss in the first quarter of 1999 by \$15.4 million compared with the first quarter of 1998.

"The cost reduction programs in place at Asarco and its 54.3% owned subsidiary, Southern Peru Copper Corporation (SPCC), have had a significant positive effect on the Company's production costs. In the first quarter of 1999 the Company's consolidated cash cost per pound of copper produced was below 60 cents per pound. Its cash cost in 1998 was 64.5 cents per pound. In the Company's North American copper operations, cash production costs were down more than 10% compared with the first quarter of the prior year. Production costs were also lower at SPCC's operations.

“The Company’s beneficial interest in mined copper production totaled 257.2 million pounds in the first quarter of 1999, an 8.2% increase compared with the first quarter of 1998. Total copper production at the Company’s North American operations grew 4.1% in the first quarter of 1999 including increased production of low cost solvent extraction/electrowinning (SX/EW) copper. Mined copper production at SPCC’s operations increased by 16.0% compared with the first quarter of last year despite unusually wet weather conditions which hampered production.

“The Company’s specialty chemicals business, Enthone–OMI Inc., had pre-tax profits of \$7.2 million in the first quarter of 1999, a decrease from \$7.7 million in the first quarter of 1998. A decline in sales in Asia due to weakness in the electronics sector was mostly offset by increased profits in Europe during the quarter. The improvements in Europe were largely due to the effects of the acquisition of Deutsche Oberflachtechnik GmbH (DOT) in April 1998.

“Profits for the Company’s aggregates business were \$0.4 million in the first quarter of 1999, a decline from \$1.2 million the first quarter of the prior year. This business depends heavily on construction activity in the southeast United States which is often affected by weather conditions in the first quarter. Overall, demand in this business remains strong and profits are expected to improve in succeeding quarters.”

Commenting on the Company’s performance and its outlook for the remainder of 1999, Osborne said, “The current weakness in the copper price presents a real challenge to all copper producers. Asarco has responded by making substantial and sustainable reductions in its production costs. The Company’s strategy of aggressively reducing costs and increasing production of low-cost copper, while also focusing on the growth of its specialty chemicals business and its construction aggregates business has lessened the financial impact of this historically low copper price. The copper market appears to us to be at or near equilibrium in terms of supply and demand. Customer demand for copper remains very strong in the United States and in Europe and we see early signs of recovery in several key Asian economies. We believe that the low point in the copper market may have been reached during the first quarter and may now be behind us.”

ASARCO Incorporated is one of the world’s leading integrated producers of copper, as well as a producer of specialty chemicals, aggregates and other metals.

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ASARCO Incorporated
and Subsidiaries

SUMMARY OF EARNINGS
(Unaudited)

Three Months Ended
March 31,
(in millions, except per share data)

	<u>1999</u>	<u>1998</u>
Sales	\$ 475.3	\$ 614.5
Earnings (loss) before taxes, minority interests and non-recurring items	\$ (49.4)	\$ (16.9)
Taxes on income (benefit)	(16.1)	(7.3)
Earnings (loss) before minority interests and non-recurring items	(33.3)	(9.6)
Minority interests	(2.0)	(6.2)
Earnings (loss) before non-recurring items	(35.3)	(15.8)
Non-recurring items, net of taxes	-	(16.0)
Net earnings (loss)	\$ (35.3)	\$ (31.8)
Weighted average common shares outstanding (Basic)	39.7	39.6
Weighted average common shares outstanding (Diluted)	39.7	39.6
Net earnings (loss) per share (Basic)	\$ (0.89)	\$ (0.80)
Net earnings (loss) per share (Diluted)	\$ (0.89)	\$ (0.80)

ASARCO Incorporated
and Subsidiaries

First Quarter Results

Three Months Ended
March 31,
(in millions)

<u>Segment Sales</u>	<u>1999</u>	<u>1998</u>
Copper	\$ 336.0	\$ 435.0
Lead, Zinc & Precious Metals	\$ 42.2	\$ 83.8
Specialty Chemicals	\$ 85.6	\$ 83.0
Aggregates	\$ 9.5	\$ 9.8
Exploration	\$ -	\$ -
All Other	\$ 2.0	\$ 2.9
<u>Segment Operating Income</u> (incl. Equity Earnings)		
Copper	\$ (29.0)	\$ 1.7
Lead, Zinc & Precious Metals	\$ (5.7)	\$ (27.0)
Specialty Chemicals	\$ 7.2	\$ 7.7
Aggregates	\$ 0.4	\$ 1.2
Exploration	\$ (2.0)	\$ (6.1)
All Other	\$ (3.5)	\$ (5.3)

ASARCO Incorporated
and Subsidiaries

Average Metal Prices

Three Months Ended
March 31,

	<u>1999</u>	<u>1998</u>
Copper (per pound - COMEX)	\$0.64	\$0.77
Copper (per pound - LME)	\$0.64	\$0.77
Silver (per ounce - COMEX)	\$5.28	\$6.24
Zinc (per pound - LME)	\$0.45	\$0.48
Molybdenum (per pound - Metals Week Dealer Oxide)	\$2.62	\$3.85

Metal Production and Sales

Three Months Ended March 31,

	<u>1999</u>			<u>1998</u>		
	<u>Mined</u>	<u>Refined</u>	<u>Sales</u>	<u>Mined</u>	<u>Refined</u>	<u>Sales</u>
Copper (000s pounds)						
Asarco	165,600	230,600	328,900	158,500	276,800	335,000
SPCC	177,600	161,500	168,700	153,100	158,000	170,000
Consolidated	343,200	392,100	497,600	311,600	434,800	505,000
Asarco Beneficial Interest	257,200	313,600	415,800	237,600	358,500	423,000
Silver (000s ounces)						
Asarco	1,205	4,377	4,490	1,452	8,273	5,822
SPCC	768	580	633	640	655	754
Consolidated	1,973	4,957	5,123	2,092	8,928	6,576
Asarco Beneficial Interest	1,614	4,686	4,827	1,792	8,621	6,223
Zinc (000s pounds)						
Asarco	32,900		37,100	41,000		37,000
Molybdenum (000s pounds)						
Asarco	926		1,644	1,465		1,465
SPCC	2,486		2,324	3,125		2,851
Consolidated	3,412		3,968	4,590		4,316
Asarco Beneficial Interest	2,249		2,881	3,126		2,980

Note: SPCC presented at 100%.

At March 31, 1999 and 1998, Asarco's equity ownership was 54.3% and its beneficial interest in SPCC was 53.2% and 53.1% respectively.

ASARCO Incorporated
and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS

(Unaudited)

Three Months Ended
March 31,
1999 1998
(in thousands, except per share data)

Sales of products and services	\$ 475,307	\$ 614,511
Operating costs and expenses:		
Cost of products and services	431,047	537,784
Selling, administrative and other	36,233	37,448
Depreciation and depletion	35,953	36,272
Research and exploration	3,667	8,200
Environmental and other closed plant charges, net of recoveries	2,099	4,554
Asset dispositions and impairments	-	20,000
Total operating costs and expenses	<u>508,999</u>	<u>644,258</u>
Operating income (loss)	(33,692)	(29,747)
Interest expense, net	(19,489)	(17,460)
Other income	<u>3,830</u>	<u>7,117</u>
Earnings (loss) before taxes on income and minority interests	(49,351)	(40,090)
Taxes on income (benefit)	<u>(16,081)</u>	<u>(14,494)</u>
Earnings (loss) before minority interests	(33,270)	(25,596)
Minority interests in net earnings of consolidated subsidiaries	(2,048)	(6,210)
Net earnings (loss)	<u>\$ (35,318)</u>	<u>\$ (31,806)</u>
Per share amounts:		
Net earnings (loss):		
Basic	<u>\$ (0.89)</u>	<u>\$ (0.80)</u>
Diluted	<u>\$ (0.89)</u>	<u>\$ (0.80)</u>
Cash dividends	<u>\$ 0.05</u>	<u>\$ 0.20</u>
Weighted average number of shares outstanding (Basic)	<u>39,682</u>	<u>39,648</u>
Weighted average number of shares outstanding (Diluted)	<u>39,682</u>	<u>39,648</u>

ASARCO Incorporated
and Subsidiaries

CONSOLIDATED BALANCE SHEET

	(unaudited) March 31, <u>1999</u>	December 31, <u>1998</u>
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 174,247	\$ 193,048
Marketable securities	25,537	22,705
Accounts and notes receivable, net	410,847	409,792
Inventories	283,266	352,411
Other assets	105,860	104,809
Total current assets	999,757	1,082,765
Investments:		
Available-for-sale and other at cost	119,834	121,532
Equity method	66,080	64,465
Net property	2,558,445	2,526,567
Other assets including intangibles, net	224,588	228,480
Total Assets	\$ 3,968,704	\$ 4,023,809
LIABILITIES		
Current liabilities:		
Bank loans	\$ 14,444	\$ 4,963
Current portion of long-term debt	27,426	27,676
Accounts payable	331,821	336,501
Salaries and wages	29,255	27,268
Taxes on income	86,011	84,007
Reserve for closed plant and environmental matters	53,620	53,394
Other current liabilities	49,226	47,611
Total current liabilities	591,803	581,420
Long-term debt	1,020,272	1,014,942
Deferred income taxes	40,056	56,045
Reserve for closed plant and environmental matters	77,985	90,985
Postretirement benefit obligation other than pensions	109,550	108,741
Other liabilities and reserves	112,096	113,754
Total non-current liabilities	1,359,959	1,384,467
MINORITY INTERESTS	534,426	533,329
COMMON STOCKHOLDERS' EQUITY		
Common Stock (a)	524,282	521,956
Accumulated other comprehensive income, net of tax	(13,046)	(6,989)
Retained earnings	971,280	1,009,626
Total Common Stockholders' Equity	1,482,516	1,524,593
Total Liabilities, Minority Interests and Common Stockholders' Equity	\$ 3,968,704	\$ 4,023,809
(a) Common Shares: Authorized 80,000; Outstanding:	39,738	39,652

ASARCO Incorporated
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CONSOLIDATED STATEMENT OF CASH FLOWS
(Condensed)

(Unaudited)
Three Months Ended
March 31,
1999 1998
(in thousands)

OPERATING ACTIVITIES

Net loss	\$ (35,318)	\$ (31,806)
Depreciation and depletion	35,953	36,272
Benefit for deferred income taxes	(14,646)	(19,122)
Net (gain) loss on sale of investments and property	(30)	177
Decrease in reserves for closed plant and environmental matters	(12,774)	(10,154)
Minority interests	2,048	6,210
Asset dispositions and impairments	-	20,000
Cash provided from (used for) operating assets and liabilities	68,790	(40,129)
Other, net	(177)	(901)

Net cash provided from (used for) operating activities	43,846	(39,453)
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INVESTING ACTIVITIES

Capital expenditures	(70,872)	(99,497)
Net proceeds from (purchases of) held to maturity investments	(2,832)	86,906
Other, net	775	(1,119)

Net cash used for investing activities	(72,929)	(13,710)
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FINANCING ACTIVITIES

Debt incurred, net	15,758	38,642
Escrow (deposits) withdrawals on long-term loans	(27)	1,615
Net treasury stock transactions	969	(1,919)
Net distributions to minority interests	(951)	(11,366)
Dividends paid to common stockholders	(1,984)	(7,929)

Net cash provided from financing activities	13,765	19,043
Effect of exchange rate changes on cash	(3,483)	1,194

Decrease in cash and cash equivalents	\$ (18,801)	\$ (32,926)
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