



Contact: Clay Allen  
602-977-6515

**FOR IMMEDIATE RELEASE**

**ASARCO ANNOUNCES PLANS TO SUSPEND  
ZINC OPERATIONS IN TENNESSEE**

**PHOENIX, AZ – Oct. 29, 2001** – Asarco, Inc., a subsidiary of Grupo Mexico S.A. de C.V., today announced plans to indefinitely suspend zinc mining and processing operations at its Tennessee Mines Division by mid-November as a result of low zinc prices, which have fallen by 30 percent over the last year. Asarco informed employees and union officials of the decision today, following an extensive review of various options for the division.

The suspension of zinc production, which will be phased in during the next several weeks, will result in a reduction of approximately 360 positions at the company's three zinc operations in Jefferson County in eastern Tennessee. In late September, the company notified employees that it was considering taking action to curtail or suspend operations. Asarco will assist eligible employees in securing all available federal and state unemployment and training benefits. A small crew will remain at the facilities in care and maintenance roles and to continue processing agricultural lime from existing zinc production byproducts.

According to Genaro Larrea, president of Asarco, the company carefully considered a range of scenarios for the Tennessee zinc operations. "The slowdown in the industrial manufacturing sector, and in steel in particular, has resulted in higher worldwide zinc inventories and lower prices," Larrea said. "At these prices, the Tennessee facilities simply are not economically viable."

At the close of trading on Tuesday (Oct. 23), the cash price of zinc on the London Metals Exchange (LME) was 34 cents per pound, compared to 48 cents per pound on the same date in 2000. As recently as 1997, LME zinc prices were in the range of 70 to 75 cents per pound.

In 2000, Asarco's Tennessee Mines Division produced 56,800 metric tons of zinc contained in concentrates sold to zinc refineries in the North American market. Zinc is used to galvanize iron to prevent it from rusting. It is also employed in alloys and batteries, and as a zinc oxide to stabilize rubber and plastics.

According to Larrea, Asarco employees in Tennessee have made significant progress in improving operating efficiency and reducing costs. "Unfortunately, these efforts have been masked by the deteriorating market conditions," he said. Larrea added that the company would continue to monitor the zinc market and would consider resuming Tennessee Mines Division operations should long-term market conditions improve.

Asarco, which recently moved its headquarters to Phoenix from New York City, is a major producer of copper, zinc, gold, silver, nickel and various specialty metals. The 102-year old company is a subsidiary of Americas Mining Corporation (AMC), established last year as Grupo Mexico's mining division. AMC is among the world's largest integrated mining and refining companies and the third-largest producer of copper. It includes Grupo Mexico's interests in Asarco, Inc. (100 percent), Minera Mexico (98.8 percent) and Southern Peru Copper Corp. (54.2 percent). Minera Mexico, based in Mexico City, is the largest mining company in Mexico and among the world's lowest cost producers of copper, zinc and silver. Southern Peru Copper Corp., based in Lima, also is among the world's lowest-cost copper producers.

###