

FIVE U.S. ENVIRONMENT GROUPS URGE THAT ASARCO NOT BE TURNED OVER TO COMPANY WITH HISTORY OF POLLUTING

Mining Company Emerging From Chapter 11 Reorganization Operated in 20 States and Faced Up to \$1 Billion in Environmental Liabilities, Tied to 19 Superfund Sites

WASHINGTON, D.C.//June 3, 2008//Five leading U.S. environmental organizations -- Sierra Club, Environmental Integrity Project, Public Citizen -- Texas Office, Galveston Houston Association for Smog Prevention (GHASP) and Sustainable Energy and Economic Development (SEED) Coalition -- today urged U.S. Attorney General Michael Mukasey to ensure that "(t)he U.S. Department of Justice ... proceed with caution before turning over the American Smelting and Refining Company (ASARCO) -- which GreenLabor.org has termed 'one of the worst polluters ... in the country' -- to a new corporate parent with a track record of environmental and other abuses."

The joint letter to Mukasey, which also was copied to the Texas Attorney General Greg Abbott (who serves on the Asarco creditor committee and Arizona Attorney General Terry Goddard, continues: "Given the leadership that will be needed to bring an end to ASARCO's legacy of pollution on what is a nearly unprecedented scale, we strongly recommend that the purchaser of ASARCO have a clean environmental record both in the U.S. and abroad. We are deeply disturbed by reports that ASARCO may be handed over to one of a number of companies that have pollution records that are so bad that they threaten to eclipse ASARCO's sorry example.

As Sierra Magazine reported in its recent story, 'Going for Broke,' 'American Smelting and Refining Company (ASARCO) [is] a massive copper conglomerate that has a presence in more than 20 states, environmental liabilities estimated between \$500 million and \$1 billion, and its name attached to 19 Superfund sites around the country.' ASARCO declared bankruptcy in the summer of 2005 in order to discharge all of its clean-up related obligations. Unfortunately, the company is just one example of how corporations use Chapter 11 to slough off massive environmental liabilities, reorganize, and then emerge leaner and meaner to operate another day. As Sierra noted, 'ASARCO's parent company, Grupo México, is benefiting too. A few months after ASARCO filed for bankruptcy, Grupo México announced that net profits had doubled--largely because ASARCO's environmental liabilities had been removed from its books. Of course, the liabilities remain, but now they are borne by U.S. taxpayers.'

When ASARCO filed for bankruptcy, more than 100 civil environmental cases were pending against it. One of the more striking examples is from the 1970s in El Paso, where a study by the Center for Disease Control found that ASARCO was responsible for abnormally high lead levels in children who lived near its El Paso smelter. This case in El Paso is one of dozens around the U.S. that illustrate so vividly why the new team in charge of ASARCO needs to take an entirely new approach to the environment and people in and around its U.S. facilities.

When the company filed for Chapter 11 bankruptcy, ASARCO named numerous environmental-related lawsuits brought by governmental authorities and private parties as some of the main reasons for the bankruptcy. The filing puts these lawsuits and efforts to collect on environmental damages on hold. According to Sierra, ASARCO's most valuable assets were sold to a shell company set up by Grupo Mexico when it purchased ASARCO in 1999. The sale was initially blocked by the Department of Justice, which was concerned that ASARCO was shielding its moneymaking ventures from the environmental enforcers at EPA; however, when ASARCO agreed to set up a \$100 million trust fund for the cleanup of its U.S. operations (which at the time was estimated to cost as much as \$1 billion), the EPA and Justice Department signed off on the deal. At the time, ASARCO owed in excess of \$100 million in fines alone for noncompliance with state and federal clean up orders. The deal capped ASARCO's cleanup responsibilities for three years and it is unclear what will happen next.

ASARCO is about to emerge from Chapter 11 reorganization and the committee of creditors running the company on an interim has solicited bids from prospective buyers who will take over and recapitalize the company. The Justice Department has to approve the deal. We urge both the ASARCO creditor

committee and the Department of Justice to act responsibly and put new owners in charge of ASARCO who will prevent this company from continuing to be a blight on the U.S. environment and a major health threat to Americans.

Don't let a new team of polluters make ASARCO's legacy worse than it is already!"

A copy of the joint letter is available upon request.

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