



EL PASO PUBLIC MEETING

MAY 11, 2009



Asarco's Mining History

- Asarco's mining and operational activities spanning the last century or more have resulted in extensive environmental liabilities at over 100 sites in 16 states.
- Asarco owns at least 26 contaminated properties, including the El Paso Smelter.

Asarco, LLC (“Debtor”) Bankruptcy

- Asarco filed Petition for Relief on August 9, 2005.
- In February and August of 2006, the United States filed claims asserting that Asarco was responsible for environmental liabilities for at least 38 Sites. 16 states, including Texas, have also filed claims against Asarco.
- Under bankruptcy law, Asarco is responsible to comply with applicable environmental law to clean up these properties.

Proposed Settlement

- Asarco, the United States, and States discussed the contaminated properties and reached proposed settlements for Asarco to clean up the properties it owns, including the El Paso Smelter.
- The El Paso Smelter Site is included as a custodial trust site.
- Funding for the EL Paso Smelter Site is \$52,000,000.



Plan of Reorganization and Disclosure Statement

- In March 2009, Asarco filed a proposed Plan of Reorganization and Disclosure Statement.
- The Plan incorporates 5 environmental settlements that propose to resolve federal and state environmental liabilities at more than 50 sites in 12 states.
- The Plan includes remediation costs for the IBWC and the El Paso Smelter.

El Paso Related Costs

- El Paso Residential Sites - \$29,000,000
- IBWC - \$19,000,000
- El Paso Smelter - \$52,000,000
- Total = \$100,000,000



Custodial Trust

- A custodial trustee will implement clean-up approved by the State of Texas after consultation with USEPA.
- The custodial trustee has an interest in cleaning the Site in accordance with applicable law.
- The State of Texas will be the lead agency in the clean-up efforts at the El Paso Smelter. Funding under this Trust for the Site will be \$52,000,000.

Custodial Trust

- “The Trustee shall use ordinary and prudent judgment in considering a proposal to sell the real estate associated with the El Paso site and may consider criteria other than sales price.”
- If the settlement is not approved, the process for future disposition of the property in the bankruptcy case is not known.

Objections to Settlements

- The Asarco Parent and Asarco Creditors Committee have filed objections to the environmental settlements.
- The general objection to the custodial sites is that the funding is too high.

Competing Plans

- The Asarco Parent Corporation can file a competing plan by May 15. The Asarco Parent has not publicly released its plan.
- It is unclear how the Parent's Plan will address the cleanup at the El Paso Smelter Site.
- The Bankruptcy Court will consider the different plans commencing on July 15.

Bankruptcy Court Hearing

- The hearing concerning the approval of environmental settlements is scheduled for May 18 and 19.
- At this time, there is no time certain concerning when El Paso specific arguments will be heard.
- The parties may seek guidance from the Court as to whether legal argument about the El Paso site should be scheduled for a specific time on Tuesday afternoon.



Public Comments

- The United States completed a public comment process under Environmental law on the Environmental Settlements. Approximately 1,200 comments were submitted regarding the El Paso Smelter.
- The United States will provide the Court with copies of the public comments, including those transcribed at this meeting, and will file a response with the Court.