

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

In re:	§	Case No. 05-21207
	§	
ASARCO LLC, <i>et al.</i> ,	§	Chapter 11
	§	
Debtors.	§	Jointly Administered
	§	

DEBTOR’S MOTION TO APPROVE SETTLEMENT AGREEMENT WITH SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 20 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

TO THE HONORABLE RICHARD S. SCHMIDT, UNITED STATES BANKRUPTCY JUDGE:

Pursuant to 11 U.S.C. §§ 363, 105 and Fed. R. Bankr. P. 9019, ASARCO LLC (“ASARCO”) respectfully files this Motion to Approve Settlement Agreement With Sovereign Marine & General Insurance Company Limited (the “Motion”).

I. PARTIES, JURISDICTION, AND VENUE

1. On August 9, 2005 (the “Petition Date”), ASARCO filed its voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in this Court. On April 11, 2005, several of ASARCO’s wholly owned direct or indirect subsidiaries (the

“Subsidiary Debtors”¹) filed their voluntary petitions in this Court (the “Subsidiary Cases”). Since that date, several of ASARCO’s other wholly owned direct or indirect subsidiaries have filed similar petitions for relief in this Court (collectively with ASARCO and the Subsidiary Debtors, the “Debtors”). The Debtors’ cases are collectively referred to as the “Reorganization Cases,” excluding Encycle/Texas, Inc.

2. The Debtors remain in possession of their property and are operating their businesses as Debtors-in-possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. On April 19, 2005, Robert C. Pate, Esq. was appointed the representative of future asbestos demands for the Subsidiary Debtors (the “FCR”). On April 27, 2005, a committee of unsecured creditors was appointed for the Subsidiary Debtors (the “Subsidiary Committee”); and on August 25, 2005, a committee of unsecured creditors was appointed for creditors of ASARCO, LLC (the “ASARCO Committee”, and collectively with the Subsidiary Committee, the “Committees”). No trustee or examiner has been appointed in any of the Reorganization Cases.

4. All of the above chapter 11 proceedings were consolidated for administrative purposes only under Case No. 05-21207 by orders entered April 13, 2005, August 12, 2005, and November 8, 2005.

5. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This Court may hear and determine this Motion under the standing order of reference issued by the United States District Court for the Southern District of Texas under 28 U.S.C. § 157. Consideration of this Motion is a core proceeding under 28 U.S.C. § 157(b). Venue of this proceeding is proper in this district under 28 U.S.C. §§ 1408 and 1409.

¹ The Subsidiary Debtors consist of the following five entities: Lac d’Amiante du Québec Ltée (f/k/a Lake Asbestos of Quebec, Ltd.); Lake Asbestos of Quebec, Ltd.; LAQ Canada, Ltd.; CAPCO Pipe Company, Inc. (f/k/a/ Cement Asbestos Products Company); and Cement Asbestos Products Company.

II. OVERVIEW OF ASARCO AND THE SUBSIDIARY DEBTORS

6. Originally organized in 1899 as American Smelting and Refining Company, ASARCO has operated for over 106 years—first as a holding company for diverse smelting, refining, and mining operations throughout the United States and now as a Tucson-based integrated copper-mining, smelting, and refining company. ASARCO is one of the leading producers of copper and one of the largest nonferrous metal producers in the United States with over 2000 employees in Arizona and Texas alone.

7. ASARCO's active operations consist of three open-pit copper mines in Arizona (the Mission Mine, the Ray Mine, and the Silver Bell Mine); a copper refinery and precious-metals plant in Amarillo, Texas; a copper smelter in Hayden, Arizona; and a specialty-chemicals plant in Globe, Colorado.

8. The Subsidiary Debtors are direct or indirect wholly owned subsidiaries of ASARCO.

III. RELIEF REQUESTED

9. Following years of litigation against ASARCO's insurance carriers for coverage of asbestos-related claims and expenses, ASARCO and certain of its London market insurers reached a settlement, which this Court approved on September 14, 2006. By this Motion, ASARCO requests that this Court approve an agreement with another one of its London insurers, Sovereign Marine & General Insurance Company Limited ("Sovereign"), which in effect will allow Sovereign to become a party to the earlier settlement agreement and result in approximately \$1 million for the debtors.

IV. OVERVIEW OF HISTORICAL ASBESTOS LITIGATION

10. CAPCO Pipe Company, Inc. (f/k/a/ Cement Asbestos Products Company) ("CAPCO") formerly manufactured various cement underground pipe products that used asbestos as a binding agent, and Lac d'Amiante du Québec Ltée (f/k/a Lake Asbestos of Quebec, Ltd.)

("LAQ") was in the business of mining and selling asbestos fiber from the Black Lake region of central Quebec.

11. Although both lines of business were discontinued, by the late 1990s, CAPCO and LAQ found themselves, like much of corporate America, in a widening asbestos crisis as plaintiffs began asserting a growing number of asbestos-related personal-injury claims against them. In the case of CAPCO, the majority of these claims alleged exposure as a result of cutting and handling cement asbestos pipe manufactured by CAPCO, while claims against LAQ are premised generally on theories of exposure to products containing asbestos that LAQ mined.

12. The Subsidiary Debtors' asbestos crisis also increasingly came to implicate their parent, ASARCO, as plaintiffs began naming ASARCO in connection with various asbestos-related claims. ASARCO never manufactured or sold asbestos or asbestos-containing products, but nevertheless ASARCO was named as an additional defendant in thousands of lawsuits alleging exposure to CAPCO and LAQ products. ASARCO at times was even named as a defendant on account of alleged exposure to LAQ and CAPCO products in some cases where neither CAPCO nor LAQ are named. Although ASARCO was named as a defendant in a small number of direct premises claims, the majority of asbestos claims were derivative of claims against CAPCO and/or LAQ. Regardless of the theory, however, nearly all of ASARCO's liabilities are covered by insurance that ASARCO shares with CAPCO and LAQ.

**V. ASARCO'S SETTLEMENT WITH CERTAIN OF THE
LONDON MARKET INSURERS AND SOVEREIGN**

13. Sovereign and certain London market insurers (the "Subscribing LMI") severally subscribed each in its own proportionate share to certain policies purchased by ASARCO and which provide insurance to ASARCO and its subsidiaries (the "Subject Insurance Policies").

14. After more than a year of negotiations, in July 2006, ASARCO, the FCR, the Subsidiary Committee and participating London market insurers (the "Participating LMI") entered

into a settlement agreement (the "Participating LMI Settlement Agreement") to settle and release all claims and insurance rights relating to the Subject Insurance Policies subscribed by the Participating LMI. The Participating Settlement Agreement requires the Participating LMI to pay ASARCO approximately 80% of the outstanding policy limits for the policies associated with the settling carriers. This Court approved the Participating LMI Settlement Agreement on September 14, 2006.

15. Sovereign is currently a debtor in insolvency proceedings pending in the United Kingdom ("UK"). As such, Sovereign is bound to pay its liabilities in accordance with a Scheme of Arrangement pursuant to s425 of the UK Companies Act of 1985. The United States Bankruptcy Court for the Southern District of New York has issued a permanent injunction, which, among other things, enjoins the commencement or continuation of any judicial proceeding against Sovereign, except in accordance with the Scheme of Arrangement. Although a subscriber to the same insurance policies as the Participating LMI, Sovereign was not a party to the Participating LMI Settlement Agreement and is not a "Participating LMI."

16. The Debtor and Sovereign have now reached an agreement to settle and release all claims relating to the Subject Insurance Policies subscribed by Sovereign on the same terms as the Participating LMI and as more particularly described in the Settlement Agreement, which is attached to this Motion as Exhibit "A".

VI. MATERIAL TERMS OF SETTLEMENT

17. The terms of the settlement between ASARCO and Sovereign are substantially the same as the terms this Court approved between ASARCO and the Participating LMI, except that Sovereign will pay ASARCO through Sovereign's insolvency proceedings. The key provisions of the Settlement Agreement are as follows:

- The Settlement Agreement will supplement the Participating LMI Settlement Agreement so that Sovereign will be regarded as a Participating LMI (as defined in the Participating LMI Settlement Agreement), subject to the same terms, conditions, rights and benefits as the Participating LMI; *provided, however*, that the Settlement

Agreement will not affect the allocable shares and payment of the existing Participating LMI.

- In its insolvency proceedings, Sovereign will enter ASARCO as a Schemed Creditor with an approved claim in the amount of \$2,663,752, payable to ASARCO in the manner and form prescribed by the UK Scheme of Arrangement (the “Sovereign Settlement Proceeds”).

VII. BASIS FOR APPROVING THE SETTLEMENT AGREEMENT

18. The Settlement Agreement is fair and equitable to ASARCO, and is in the best interests of the estate and its creditors generally. It allows ASARCO to resolve its dispute with Sovereign (an insolvent carrier) on the same terms as the Participating LMI, and will result in ASARCO receiving more than \$1 million.

19. Bankruptcy Rule 9019(a) provides, in part, that “[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement.” F.R.B.P. 9019(a). Settlements are considered a “normal part of the process of reorganization” and “desirable and wise method of bringing to a close proceedings otherwise lengthy, complicated and costly.” *In re Jackson Brewing Co.*, 624 F.2d 599, 602 (5th Cir. 1980).

20. Neither Bankruptcy Rule 9019(a) nor any section of the Bankruptcy Code explicitly sets forth the standards by which a court is to evaluate a proposed settlement for approval. However, the standards for approval of settlements in bankruptcy cases are well-established and focus upon whether the proposed settlement is reasonable, fair and equitable, and in the best interests of the estate. *In re Cajun Electric Power Cooperative, Inc.*, 119 F.3d 349, 355 (5th Cir. 1997); *see also, In re Zale Corp.*, 62 F.3d 746, 754 (5th Cir. 1995). A decision to accept or reject a compromise or settlement is within the sound discretion of the Court. *See id.*

21. The terms of the Settlement Agreement meet the standard articulated above. Under the terms of the Settlement Agreement, ASARCO will receive a claim in Sovereign’s UK insolvency proceeding in the amount of \$2,663,752, which will be paid according to the UK

Scheme of Arrangement. Based on the Scheme's current dividend, ASARCO is informed and believes that it can expect to receive more than \$1 million within the next 60-90 days, with the possibility of receiving future distributions depending upon the success of the UK liquidation proceeding. ASARCO and Sovereign reached the claim amount by using the same allocation method previously applied to reach the amounts paid under the Participating LMI Settlement. As a result, the percentage of Sovereign's settlement to limits is the same as that for the other Participating LMI (approximately 80%), and which this Court previously approved.

22. The Settlement Agreement is the result of extended arm's length, good-faith negotiations and not fraud or collusion. The Committees and FCR support this settlement. In sum, just as ASARCO's settlement with the Participating LMI was in the best interests of ASARCO, its estates, creditors, and other parties in interest, this settlement is too.

23. Anderson Kill & Olick, L.L.P., Special Insurance Counsel to ASARCO LLC ("Anderson Kill"), is entitled to receive payment of a 5% contingency fee from the Sovereign Settlement Proceeds. The contingency fee has been approved by the Court previously. After paying Anderson Kill, ASARCO will deposit the balance of the Sovereign Settlement Proceeds into an escrow account, subject to the same terms and conditions as the Third Supplemental Stipulation Regarding Escrow of Certain Insurance Proceeds, which this Court approved on August 25, 2006.

WHEREFORE, ASARCO respectfully requests that the Court enter an order granting this Motion and granting such other and further relief as is just and proper.

Dated: February 27, 2007

Respectfully submitted,

<p>BAKER BOTTS L.L.P.</p> <p><u>/s/ James R. Prince</u> Jack L. Kinzie State Bar No. 11492130 James R. Prince State Bar No. 00784791 Lesley C. Ardemagni State Bar No. 24027341 2001 Ross Avenue Dallas, Texas 75201-2980 Telephone: 214.953.6500 Facsimile: 214.661.6503 Email: jack.kinzie@bakerbotts.com jim.prince@bakerbotts.com lesley.ardemagni@bakerbotts.com</p> <p>and</p> <p>BAKER BOTTS L.L.P.</p> <p>Tony M. Davis State Bar No. 05556320 One Shell Plaza Houston, Texas 77002 Telephone: 713.229.1234 Facsimile: 713.229.1522 Email: tony.davis@bakerbotts.com</p> <p>and</p>	<p>JORDAN, HYDEN, WOMBLE & CULBRETH, P.C.</p> <p>Shelby A. Jordan State Bar No. 11016700 Harlin C. Womble State Bar No. 21880300 Nathaniel Peter Holzer State Bar No. 00793971 Suite 900, Bank of America 500 North Shoreline Corpus Christi, Texas 78471 Telephone: 361.884.5678 Facsimile: 361.888.5555 Email: sjordan@jhwclaw.com hwomble@jhwclaw.com pholzer@jhwclaw.com</p> <p>COUNSEL TO DEBTORS-IN-POSSESSION</p>
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Exhibit A

SUPPLEMENTAL AGREEMENT BETWEEN ASARCO AND SOVEREIGN MARINE & GENERAL INSURANCE COMPANY LIMITED (SUBJECT TO SCHEME OF ARRANGEMENT) REGARDING THE RESOLUTION OF VARIOUS LIABILITY CLAIMS

This agreement (hereinafter referred to as "the Supplemental Agreement") is entered into by and between Asarco, (hereinafter referred to as "Asarco" and Sovereign Marine & General Insurance Company Limited (subject to Scheme of Arrangement) (hereinafter referred to as "Sovereign") (collectively "the Parties hereto"), in order to give effect to Sovereign's participation in the Confidential Settlement Agreement and Mutual Release (hereinafter referred to as the "Settlement Agreement") between Asarco and certain London Market Insurance Companies effective as of 13th July 2006. A copy of the Settlement Agreement is attached hereto and marked as Exhibit A.

WHEREAS, Sovereign is insolvent and is bound by a Scheme of Arrangement pursuant to s425 of the UK Companies Act 1985; and

WHEREAS, the United States Bankruptcy Court for the Southern District of New York has issued a permanent injunction order ("the injunction order") pursuant to s304 of the United States Bankruptcy Code, which among other things, enjoins the commencement or continuation of any judicial action or proceeding against Sovereign, except in accordance with the provisions of the Scheme of Arrangement; and

WHEREAS, Asarco shall mean "Asarco Parties" as so defined in Definitions Section 1B of the Settlement Agreement; and

WHEREAS, Sovereign and certain solvent Participating London Market Insurers subscribed to certain policies of insurance in favour of Asarco, as defined in Section 1F of the Settlement Agreement; and

WHEREAS, the Parties hereto desire to include Sovereign as part of "Participating London Market Insurers" as that term is defined in the Settlement Agreement, as if Sovereign was listed in Attachment C to the Settlement Agreement, so that all rights and obligations conferred on Participating London Market Insurers are also conferred on Sovereign; and

WHEREAS, the Parties hereto further desire to supplement the Settlement Agreement in order to conform its provisions to applicable provisions of the Scheme of Arrangement, and to clarify the reimbursement process set forth therein;

NOW, THEREFORE, it is hereby agreed this 23 day of September 2006 as follows, by and between the Parties hereto:

1. To the extent the following terms are used herein, they shall have the following meaning:
 - ESL: shall mean Established Scheme Liability, which term shall have the same meaning and effect as defined in the Scheme of Arrangement.
 - Scheme of Arrangement: shall mean that arrangement (or any modifications to it) authorised pursuant to s425 of the UK Companies Act 1985 and recognised by order of the United States Bankruptcy Court of the Southern District of New York pursuant to s304 of the United States Bankruptcy Code, to which Sovereign is bound, and

pursuant to which provision is made for the orderly handling of the business of Sovereign and claims against Sovereign.

- Scheme Administrators: shall mean the persons appointed pursuant to the Scheme of Arrangement to manage the winding down of Sovereign.
- 2. The Settlement Agreement attached as Exhibit A is incorporated herein by reference as if the provisions thereof were restated in full herein. To the extent that any of the provisions set forth in this Supplemental Agreement conflict with any provisions of the Settlement Agreement, the provisions herein supersede solely as to Sovereign and take precedence over conflicting provisions in the Settlement Agreement.
- 3. The parties hereto recognise that Sovereign is insolvent, and has entered into and is bound by the Scheme of Arrangement with its creditors for payment of ESL's, established pursuant to the Scheme of Arrangement.
- 4. Effective with the execution of this Supplemental Agreement, the Parties hereto agree and recognise that Sovereign will be regarded as one of the Participating London Market Insurers as that term is defined in the Settlement Agreement, and shall thereafter be obligated to treat as an ESL in Asarco's favour the amount as set forth in Paragraph 5 below. The Parties agree that the settlement amount solely shall determine Sovereign's respective share of the Asarco claim. Nothing in this Supplemental Agreement shall affect the allocable shares of the other Participating London Market Insurers.
- 5. On the execution of the Supplemental Agreement, Sovereign will enter Asarco as a Scheme Creditor in the sum of US\$2,663,752 as its individual allocated share of the settlement amount and other outstanding liabilities, and will make payment to Asarco from time to time in the manner and form prescribed by the Scheme of Arrangement.

Sovereign hereby represents and warrants that the amount of US\$2,663,752 was arrived at by using the exact same allocation methods applied in the Settlement Agreement.

- 6. In addition to the provisions set forth in this Supplemental Agreement the Parties hereto agree that the terms, conditions, rights and benefits contained in the Settlement Agreement shall be applicable to the Parties hereto, notwithstanding the fact that: a) agreement of the Asarco claim by Sovereign shall be in respect of its individual allocated share of the settlement amount; and b) payment by Sovereign shall be limited by the Scheme of Arrangement.

Nothing in this Supplemental Agreement shall waive any provision contained in the Scheme of Arrangement.

- 7. The Parties hereto agree that the Mutual Releases as described at Section 4 of the Settlement Agreement shall become effective upon (i) approval by Sovereign of the agreed scheme claim as an ESL; and (ii) remittance of the scheme payment with respect to said ESL.
- 8. The Parties hereto agree that this Supplemental Agreement shall be construed in accordance with English Law. The Parties hereto further agree that the rights and

SETTLEMENT AGREEMENT AND RELEASE

This Confidential Settlement Agreement and Release (hereinafter, the "Agreement") is effective this 13th day of ~~June~~ ^{July} 2006, by and between ASARCO LLC ("ASARCO," as more fully defined below) and Certain Participating London Market Companies (the "Participating LMI," as more fully defined below) (the aforementioned parties being referred to hereinafter collectively as the "Parties").

WITNESSETH THAT:

WHEREAS, Certain London Market Companies ("Subscribing LMI" as more fully defined below) severally subscribed each in its own proportionate share certain policies providing insurance to ASARCO (the "Subject Insurance Policies" as defined below); and,

WHEREAS, ASARCO has incurred and may incur in the future certain liabilities, expenses and losses arising out of asbestos bodily injury and other asbestos-related claims, silica bodily injury and other silica-related claims, environmental claims and other types of claims and ASARCO asserts that it has rights to obtain reimbursement of indemnity and defense costs incurred in connection with such claims from Subscribing LMI under the Subject Insurance Policies; and,

WHEREAS, in or about 1995, the Parties entered into a Settlement Agreement ("the 1995 Agreement") to resolve their respective rights and obligations with respect to Asbestos-related Bodily Injury Products Liability claims under certain of the Subject Insurance Policies; and

WHEREAS, pursuant to the terms of the 1995 Agreement the Parties entered into binding Arbitration ("The Arbitration") in order to resolve any outstanding disputes regarding their respective rights and obligations under the 1995 Agreements; and

WHEREAS, in an effort to obtain an adjudication of its rights for coverage with respect to asbestos-related claims under the Subject Insurance Policies, ASARCO filed an action captioned *Asarco Incorporated, et al. v. Fireman's Fund, et al.*, in the District Court of Nueces County, 105th Judicial District, Texas, which on July 1, 2005, was removed to the District Court for the Southern District of Texas and referred to the Bankruptcy Court for the Southern District of Texas and captioned as *ASARCO, Inc. v. Allianz International Insurance Co., Ltd.*, Adv. Pro. No. 05-02053, and which on January 25, 2006, was remanded to the District Court of Nueces County, 105th Judicial District, Texas ("the Texas Action");

WHEREAS, Lac d'Amiante du Québec Ltée (f/k/a Lake Asbestos of Quebec, Ltd.), CAPCO Pipe Company, Inc. (f/k/a Cement Asbestos Products Company), Cement Asbestos Products Company, Lake Asbestos of Quebec, Ltd., LAQ Canada, Ltd., (collectively known as the "Subsidiary Non-Operating Debtors") filed petitions for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") on April 11, 2005, ASARCO, LLC, filed a petition for relief on August 9, 2005, Encycle, Inc., filed a petition for relief under Chapter 11 of the Bankruptcy Code on August 26, 2005, Asarco Consulting, Inc. filed a petition for relief under Chapter 11 the Bankruptcy Code on September 1, 2005, ALC, Inc., American Smelting and Refining Company, AR Mexican Explorations, Inc., AR Sacaton, LLC, ASARCO Master, Inc., Asarco Oil & Gas Company, Inc., Bridgeview Management Company, Inc., Covington Land Company,

Government Gulch Mining Company, Ltd., and Salero Ranch, Unit III, Community Association, Inc., filed petitions for relief under Chapter 11 of the Bankruptcy Code on October 13, 2005; and

WHEREAS all of the above Chapter 11 proceedings were consolidated for administrative purposes in the Bankruptcy Court for the Southern District of Texas under Case No. 05-21207 by orders entered April 13, 2005, August 12, 2005, and November 8, 2005; and

WHEREAS on April 19, 2005, Robert C. Pate, Esq. was appointed the Future Claimants Representative for the Subsidiary Non-Operating Debtors (the "FCR"); and

WHEREAS, on April 27, 2005, a Committee of Unsecured Creditors was appointed for the Subsidiary Non-Operating Debtors; and on August 25, 2005, A Committee of Unsecured Creditors was appointed for creditors of ASARCO, LLC, (collectively with the Committee of Unsecured Creditors for the Subsidiary Non-Operating Debtors, the "Committees"); and

WHEREAS, ASARCO has fully and finally settled, discharged, released, terminated and resolved all rights, including, without limitation, any rights to obtain reimbursement of indemnity and defense costs incurred in connection with such claims from the Participating LMI with regard to the Insurance Rights, the 1995 Agreement, the Texas Action and The Arbitration; and,

WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without any Participating LMC's admission of liability or responsibility under the Subject Insurance Policies, a full and final settlement that releases and terminates all rights, obligations and liabilities of each Participating LMC with respect to

the Subject Insurance Policies, including, without limitation, all rights, obligations and liabilities relating to the aforesaid claims; and

WHEREAS, by this Agreement, ASARCO agrees to sell, assign and transfer to the Participating LMI, the Insurance Rights (as defined below), and the Participating LMI agree to buy back and/or purchase the Insurance Rights, if any exist, for their several Allocated Shares of the "Settlement Amount" (as defined below), all as fully set forth below;

WHEREAS, it is the intention of the Parties that upon the Participating LMC's payment of the Settlement Amount, ASARCO shall not retain any right, title or interest in or to the Insurance Rights, and will release the Participating LMC from all rights claims, liabilities, and causes of action, under any theory of law, admiralty or equity, as more fully set forth below, and the Participating LMC will have no remaining duties or obligations to ASARCO of any nature whatsoever; and

WHEREAS, this Agreement shall not have any legal effect on the rights and duties of ASARCO, on the one hand, and those London Market Companies who are not Participating LMI, on the other hand, to each other pursuant to the Subject Insurance Policies, or otherwise..

AGREEMENTS:

NOW, THEREFORE, in full consideration of the foregoing and of the mutual agreements herein contained, and intending to be legally bound, the Parties agree as follows:

I. Definitions

The following definitions will apply to the listed terms wherever those terms appear throughout this Agreement as well as in any exhibits or attachments thereto. Where the listed terms are also further defined elsewhere in the body of this Agreement, the definitions listed here nonetheless apply and shall serve to further explain the meaning of those terms. Moreover, each defined term stated in a singular form shall include the plural form, each defined term stated in plural form shall include the singular form, and each defined term stated in the masculine form or in the feminine form shall include the other.

A. Affiliate

The term "Affiliate" shall mean any Person controlled by a Party to this Agreement.

B. ASARCO

The term "ASARCO" shall mean:

(1) (a) ASARCO, LLC; (b) all of its past and present debtor and non-debtor subsidiaries, including without limitation American Smelting and Refining Corporation, American Smelting and Refining Company, Lac d'Amiante du Québec Ltée (f/k/a Lake Asbestos of Quebec, Ltd.), CAPCO Pipe Company, Inc. (f/k/a Cement Asbestos Products Company), Cement Asbestos Products Company, Lake Asbestos of Quebec, Ltd., Federated Metals Corp., LAQ Canada, Ltd., Encycle, Inc., Asarco Consulting, Inc., ALC, Inc., AR Sacaton, LLC, AR Mexican Explorations, Inc., Salero Ranch, Unit III, Community Association, Inc., Covington Land Company, Government Gulch Mining Company, Asarco Oil & Gas Company, Inc., ASARCO Master, Inc., and Bridgeview Management Company, Inc. (such subsidiaries being collectively referred to as the "ASARCO Entities"); (c) Affiliates of any of the ASARCO Entities; (d) any officers,

directors, shareholders, predecessors, successors, heirs, and assigns of the ASARCO Entities (ASARCO represents that there are no partners or representatives of ASARCO or the ASARCO Entities which are insureds under the Subject Insurance Policies and, to the extent that ASARCO can legally bind any of its or ASARCO's Affiliates' partners or representatives hereby, ASARCO does so legally bind them); and (e) all entities that, as of the date of execution of this Agreement by both Parties, have been merged into, acquired by, or combined with any ASARCO Entity; provided however, that ASARCO represents that Cement Products Company is not and has never been the name of a company operating as a subsidiary or Affiliate. Without limiting the foregoing in any respect, the former Asarco, Inc., a New Jersey corporation, was merged into ASARCO, LLC when the latter was created. Asarco, Inc., a Delaware corporation, was subsequently created and is the sole member of ASARCO, LLC; Asarco, Inc.'s only asset is ASARCO, LLC, and Asarco, Inc. has no ownership or other rights under or to the Subject Insurance Policies; and,

(2) to the fullest extent ASARCO has the authority to bind them, any and all entities named as insureds, other insureds, or otherwise insured or claimed to be insured under the Subject Insurance Policies and those entities' subsidiaries, Affiliates, successors and assigns.

C. Subscribing LMI

The term "Subscribing LMI" shall mean certain of the London Market insurers who subscribed the Subject Insurance Policies, and who have been represented by Mendes & Mount and Duane Morris LLP (as identified in Attachment A to this Agreement), previously or currently doing business in the London Insurance Market, which severally subscribed, each in its own proportionate share, one or more of the

Subject Insurance Policies, which subscribed any insurance policies first issued prior to 1993: (a) the existence of which has not presently been established but which provided insurance to ASARCO or (b) the existence of which has been established but are not presently known. One of LMI is referred to herein as a "Subscribing London Market Company" or a "Subscribing LMC."

D. Participating LMI

The term "Participating LMI" shall mean all of those Subscribing LMI, which are Parties to this Agreement, as set forth on Attachment C. "Participating LMI" shall not include Winterthur Swiss Insurance Company. For the avoidance of doubt, the following are not included within the definition of either "Subscribing LMI" or "Participating LMI": Bellefonte (n/k/a Northwestern Mutual Ins. Co.), Simcoe & Erie (GAN), Brittany, or Compagnie Europeane (CEIA or CEDA). One of Participating LMI is referred to herein as a "Participating London Market Company" or "a Participating LMC."

E. Person

The term "Person" shall mean an individual, a corporation, a partnership, joint venture, an association, an estate, a trust, any other legal entity or organization, and any federal, state or local government or any governmental or quasi-governmental body or political subdivision or any agency, department, board or instrumentality thereof specifically including a "governmental unit" as defined by 11 U.S.C. § 101(27), and the United States Trustee.

F. Subject Insurance Policies

The term "Subject Insurance Policies" shall mean: (i) all insurance policies listed on Attachment B hereto; and (ii) all known and unknown insurance policies, first issued

by any Participating LMC prior to 1993, excepting contracts of life insurance, (a) subscribed by one or more of the Participating LMI; and (b) providing insurance to ASARCO whether or not listed in Attachment B hereto. All Parties warrant and represent that they have performed a comprehensive search of all records both in electronic and hard copy form and have found no policies subscribed by any Participating LMC to or for the benefit of ASARCO other than the policies listed on Attachment B.

G. Allocated Share

The term "Allocated Share" shall mean each Participating LMC's several proportionate share of the Settlement Amount, as set forth on Attachment C.

H. Insurance Rights

The term "Insurance Rights" shall mean with respect to each Participating LMC: (i) its several subscribing share in the Subject Insurance Policies and all of ASARCO's rights, title and interests in or to the Participating LMC's several subscribing shares in the Subject Insurance Policies or arising under the Participating LMC's several subscribing shares in the Subject Insurance Policies, including without limitation, any right to insurance coverage arising under the Participating LMC's several subscribing shares in the Subject Insurance Policies; and (ii) any rights, interests, liabilities, claims, demands or causes of action, if any exist, relating to any Participating LMC's several subscribing share in the Subject Insurance Policies that would arise under any theory of law, admiralty or equity, statutory or otherwise. Insurance Rights as used in this Agreement do not include any shares of, or rights to, coverage from any London Market insurers that are not Participating LMI.

I. Asbestos Claim

The term "Asbestos Claim" shall mean any claim for damages or other relief presented in a civil action or bankruptcy proceeding or to a trust established pursuant to 11 U.S.C. §524(g), or otherwise, arising out of, based on, connected with, or related to, in whole or part, the health effects of exposure to asbestos, including, without limitation, loss of consortium, wrongful death, and any derivative claim made by, or on behalf of any exposed person or any representative, spouse, parent, child or other relative of any exposed person. Asbestos Claim shall specifically include, without limitation, any claim that, but for this Agreement, would fall within the scope of coverage (as limited by all applicable exclusions (particularly including, without limitation, "asbestosis" exclusions as defined and applied by the Arbitrator in The Arbitration), limits of liability, and other terms or conditions) of one or more of the Subject Insurance Policies.

J. Escrow Account

The term "Escrow Account" shall mean a segregated, interest-bearing escrow account with terms that are mutually acceptable to ASARCO and the Participating LMI and approved by ASARCO, the Committees, the Future Claimants Representative and the Participating LMI. Such account may include the existing segregated, interest-bearing escrow account established previously by agreement of ASARCO, the Committees, and the Future Claims Representative, *provided, however*, that such existing account may not be used for depositing the Settlement Amount absent the Participating LMI' written approval of the terms of such account, pending entry of a Final Order approving this Agreement.

K. Settlement Amount

The term "Settlement Amount" shall mean the sum of Eighteen Million, Nine Hundred Forty-three Thousand Dollars and Thirty-six Cents (\$18,943,000.36). The amount shall be allocated by the Participating LMI among themselves, with each insurer liable only for its several, Allocated Share. This Agreement shall only be binding upon, and inure to the benefit of, the Participating LMI and ASARCO.

L. Settlement Payment Date

The term "Settlement Payment Date" shall mean twenty-five (25) days after the date of execution of this Agreement by all Parties hereto.

M. Bankruptcy Court

The term "Bankruptcy Court" shall mean the United States Bankruptcy Court, or, as the circumstances or context requires, the United States District Court, for the Southern District of Texas.

N. Bankruptcy Case

The term "Bankruptcy Case" shall mean all of the bankruptcy proceedings pending in the Bankruptcy Court that have been consolidated for administrative purposes as *In re ASARCO, LLC, et al*, Case No. 05-21207.

O. Final Order

The term "Final Order" means an order that: (a) the time to appeal, petition for writ of certiorari, or otherwise seek appellate review, or to move for reargument, rehearing, or reconsideration, has expired and as to which no appeal, petition for writ of certiorari, or other appellate review, or proceedings for reargument, rehearing, or reconsideration, shall then be pending; (b) any right to appeal, petition for certiorari, or move for reargument or rehearing shall have been waived in writing by the Person with

such right; or (c) in the event that an appeal, writ of certiorari, or other appellate review or reargument, rehearing, or reconsideration thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed from which writ of certiorari or other appellate review or reargument, rehearing, or reconsideration was sought, and as to which the time to take any further appeal, to petition for writ of certiorari, to otherwise seek appellate review, and to move for reargument, rehearing, or reconsideration shall have expired; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a final order.

P. Confirmation Order

The term "Confirmation Order" shall mean any order of the Bankruptcy Court confirming any plan of reorganization ASARCO and the ASARCO Entities, or entry of an order to such effect, that has become a Final Order.

Q. Confirmed Plan

The term "Confirmed Plan" shall mean a plan of reorganization approved by a Confirmation Order.

II. Payment, and Distribution of the Settlement Amount

A. Payment of the Settlement Amount

Except as otherwise provided herein, on the Settlement Payment Date, each Participating LMI severally agrees to pay by wire transfer to the Escrow Account its share of the Settlement Amount, which shall be the share allocated each Participating LMC. Each Participating LMC's share of the Settlement Amount shall be refunded if this Agreement is not approved by the Bankruptcy Court.

B. Distribution

The Settlement Amount shall not be paid out from the Escrow Account until the Bankruptcy Court's Order approving this Agreement becomes a Final Order. Distribution shall be made as soon as possible thereafter in accordance with the terms of the escrow agreement governing the Escrow Account.

III. Indemnities

A. The Pre-524(g) Indemnity

From the Settlement Payment Date until a Confirmation Order has been entered providing for an injunction pursuant to section 524(g) of the Bankruptcy Code in favor of the Participating LMI, and such date as the Confirmation Order becomes a Final Order ASARCO shall indemnify the Participating LMI as set forth in Paragraph III.C below.

B. The Post-524(g) Indemnity

If (i) the Final Order providing for a 524(g) injunction in favor of the Participating LMI is overturned; or (ii) section 524(g) of the Bankruptcy Code is held to be unconstitutional; and, as a result, the section 524(g) injunction provided for under this Agreement is limited, extinguished or otherwise modified in any way that materially prejudices the Participating LMI, then ASARCO shall indemnify the Participating LMI as set forth in Paragraph III.C below.

C. Terms of the Indemnities

(1) ASARCO shall indemnify and hold harmless, but not defend, the Participating LMI in respect of any and all claims arising under or relating in any way to the Subject Insurance Policies or other Insurance Rights, including, without limitation, all claims, whether by way of direct action or otherwise, made by third parties to this Agreement, including, without limitation: (i) other insurers of ASARCO (provided,

however, that if Winterthur Swiss makes a claim for contribution against the Participating LMI, then ASARCO shall be obligated to indemnify the Participating LMI only for any amounts in excess of Winterthur Swiss's policy limits) ; (ii) any Person claiming to be insured under the Subject Insurance Policies; (iii) any Person who has made, will make, or can make a claim; (iv) any Person who has acquired or been assigned the right to make a claim under the Subject Insurance Policies or other Insurance Rights; (v) any person asserting direct action rights under the Subject Insurance Policies or other Insurance Rights, including, without limitation, Persons with asbestos- or silica-related claims against ASARCO, or (vi) any federal, state or local government or any political subdivision, agency, department, board or instrumentality thereof, including, without limitation, the State of Minnesota pursuant to the Minnesota Landfill Cleanup Act, Minn. Stat. § 115B.39 *et seq.* or the Minnesota Insurance Recovery Act of 1996, Minn. Stat. § 115B.441 *et seq.* ASARCO and the Participating LMI acknowledge that this indemnification includes, without limitation, claims made by any Person over whom ASARCO does not have control, including, without limitation, former subsidiaries, predecessors in interest, sellers or purchasers of assets, or any other Person who asserts rights to coverage under the Subject Insurance Policies.

(2) The Participating LMI shall have the right and duty to defend, with counsel of their choice and at their expense, all claims identified under subparagraph (1) immediately above. The Participating LMI shall defend any such claim in good faith. ASARCO shall have the right, but not the duty, to participate in the defense of all claims identified under subparagraph (1) immediately above with counsel of its choice and at its expense. In the event that ASARCO exercises its right to participate in the defense

of claims identified under subparagraph (1) immediately above (with counsel of its choice and at its expense), it is expressly understood that final decisions regarding the conduct of such defense shall be made by the Participating LMI. ASARCO may not subsequently challenge or contest such actions or positions other than on the grounds that a Participating LMC intentionally acted in bad faith or fraudulently.

(3) No settlement of any claims indemnified under subparagraph (1) above shall be agreed to without the express written consent of ASARCO, and such consent shall not be unreasonably withheld.

IV. Conditions Precedent to Effectiveness of this Agreement

The following provisions are conditions precedent to the effectiveness of this Agreement:

A. Pursuant to this Agreement, ASARCO shall sell, assign, and transfer, and the Participating LMI shall purchase, the Insurance Rights, with the intent that ASARCO shall retain nothing whatsoever with respect to the Insurance Rights. The Bankruptcy Court must approve this Agreement by Final Order pursuant to section 363(b), (f) and (m) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 9019.

B. All papers and procedures relating to obtaining such approval and the proposed Order approving this Agreement must be reviewed, and approved in writing, by the Participating LMI prior to filing with the Bankruptcy Court.

C. The Final Order approving the Agreement must contain the following factual findings:

1. The sale, assignment and transfer of the Insurance Rights by ASARCO to the Participating LMI is in good faith and satisfies the requirements of section 363(m) of the Bankruptcy Code.

2. (i) The Pre-524(g) Indemnity is an actual and necessary post-petition cost of preserving the estate that benefits the estate; (ii) the Pre-524(g) Indemnity arises from a settlement with ASARCO as the debtor-in-possession; and (iii) the Pre-524(g) Indemnity is necessary to the preservation and successful reorganization of ASARCO's estate.

3. The Insurance Rights may be sold, assigned, or transferred free and clear of the interests of the holders of Asbestos Claims, and other claims against ASARCO, pursuant to the provisions of section 363(f) of the Bankruptcy Code, including without limitation (i) such interests are in *bona fide* dispute; and (ii) the holders of Asbestos Claim and other claims could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

4. Notice of the sale free and clear of interests was sufficient, in that it provided, due process to all parties who might be affected by such a sale.

5. The Agreement is fair and equitable, in the best interest of the estate and its creditors after consideration of (i) the probability of success in the litigation, with due consideration for the uncertainty in fact and law; (ii) the complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, (iii) the paramount interest of creditors; and (iv) the extent to which the Agreement is the product of arms-length bargaining and not the product of fraud or collusion.

D. The Final Order approving this Agreement must find that the sale of the Insurance Rights free and clear of any right, title or interest, including without limitation any right of direct action against the Participating LMI, is permitted under section 363(f) of the Bankruptcy Code.

E. The Final Order approving this Agreement and any plan of reorganization submitted by ASARCO to the Bankruptcy Court for approval must classify the Pre-524(g) Indemnity as an allowed administrative expense of the ASARCO bankruptcy estates, pursuant to section 503(b)(1)(A) of the Bankruptcy Code, second in priority only to the current debtor-in-possession financing arrangement.

V. Several Liability

ASARCO acknowledges, for purposes of this Agreement only, that the obligations of Participating LMI are several, and not joint. ASARCO agrees that no Participating LMC shall be liable for any portion of the Settlement Amount allocable to any other Participating LMC and that no Participating LMC shall be liable for any share of the Subject Insurance Policies subscribed by other Persons. ASARCO shall not seek to recover from any Participating LMC an amount in excess of its respective, Allocated Share. Each Participating LMC acknowledges that it is not paying for the release of any Subscribing LMC that is not a Participating LMC.

VI. Release

A. By ASARCO

Upon payment by each Participating LMC of its several, Allocated Share of the Settlement Amount, ASARCO shall be deemed to remise, release, covenant not to sue and forever discharge the following: (i) each such Participating LMC; and (ii) each of such Participating LMC's present and former employees, representatives, attorneys and

agents (a) in such capacity and (b) in their individual capacity and; (iii) the respective heirs, executors, administrators, successors, assigns and reinsurers (in their capacity as such) of any of the Persons identified in subparagraphs (i) and (ii) hereof as follows: from and against all manner of action, causes of action, suits, liabilities, debts, accounts, promises, warranties, damages (consequential or punitive), agreements, costs, expenses, claims or demands whatsoever, in law or in equity, whether presently known or unknown, asserted or unasserted, whether sounding in tort or contract, or arising under the statutes or administrative regulations of any jurisdiction, or otherwise, with respect to any and all past, present or future claims, of any type whatsoever, that ASARCO ever had, now has, or hereafter may have: (1) for insurance coverage, including, without limitation, both defense costs and indemnification claims, with respect to the Insurance Rights; (2) arising out of or relating to any act, omission, representation, or conduct of any sort in connection with the Insurance Rights; (3) arising out of, relating to or in connection with the 1995 Agreement, The Arbitration, the Texas Action or the Bankruptcy Case; or (4) arising out of or relating to any alleged preferential transfer; any alleged fraudulent transfer, actual or constructive; any avoidance claim; or claim relating to the negotiation, performance or consummation of this Agreement, now or in the future.

Upon payment of each Participating LMC's several, Allocated Share, any and all rights, duties, responsibilities and obligations of such Participating LMC created by or in connection with the Insurance Rights are hereby terminated. As of the payment of each Participating LMC's several Allocated Share of the Settlement Amount, ASARCO will have no right, title, interest in or claim relating to the Insurance Rights, or insurance

coverage from such Participating LMC, and such Participating LMC will have no further duties or obligations relating to the Insurance Rights. The Participating LMC will have no obligations whatsoever to ASARCO except as specifically set forth in this Agreement. This Release is intended to operate as though the Participating LMC had never subscribed the Subject Insurance Policies.

B. By Participating LMI

At the same time the Release described in Paragraph VI.A becomes effective, each Participating LMC so released, and any subsequently appointed trustee or representative acting for such Participating LMC shall be deemed to remise, release, covenant not to sue and forever discharge: (i) ASARCO; (ii) each of ASARCO's present and former officers, directors, employees, partners, limited partners, shareholders, members, representatives, attorneys and agents (a) in such capacity and (b) in their individual capacity; and (iii) the respective heirs, executors, administrators, successors, and assigns (in their capacity as such) of any of the Persons identified in subparagraphs (i) and (ii) hereof as follows: from and against all manner of action, causes of action, suits, liabilities, debts, accounts, promises, warranties, damages (consequential or punitive), agreements, costs, expenses, claims or demands whatsoever, in law or in equity, whether presently known or unknown, asserted or unasserted, whether sounding in tort or in contract, or arising under the statutes or administrative regulations of any jurisdiction, or otherwise, with respect to any and all past, present or future claims, of any type whatsoever, that each such Participating LMC ever had, now has or hereinafter may have with respect to, arising out of, relating to or in connection with any of the Insurance Rights, the 1995 Agreement, The Arbitration, the Texas Action and the Bankruptcy Case.

It is the intention of each Participating LMC released under the terms of Paragraph VI.A above to reserve no rights or benefits whatsoever under or in connection with the Insurance Rights.

The Participating LMI further agree not to seek reimbursement of amounts paid under this Agreement from ASARCO under any retrospective premium plan, deductible provision, other self insurance feature, or otherwise. The Participating LMI also agree not to seek reimbursement of amounts paid under this Agreement from any other Person, including any other insurer of ASARCO, unless that Person first seeks contribution or indemnification from a Participating LMC. To the extent that a Person, waives contribution or indemnification of the Participating LMI, the Participating LMI waive contribution or indemnification of that Person.

Except as explicitly provided otherwise in this Agreement, upon the granting of the releases in Paragraph VI.A, any and all rights, duties, responsibilities and obligations of ASARCO created by or in connection with the Subject Insurance Policies or the other Insurance Rights, are hereby terminated with respect to the Participating LMI. The various Releases contained in this Paragraph VI.B. are intended to operate as though the Participating LMI had never subscribed the Subject Insurance Policies. This Agreement creates a contractual right in ASARCO to collect the several, Allocated Shares of the Settlement Amount and no other rights.

C. The Parties

The Parties releasing claims acknowledge that they have been advised by their attorneys concerning, and are familiar with Restatement of Contracts, Section 152, regarding mutual mistakes, as well as the Texas Supreme Court holding in *Williams v. Glash*, 789 S.W.2d 261 (Tex. 1990), and notwithstanding the foregoing, hereby

specifically and expressly confirm their intent that the release provision contained within Paragraph VI of this Agreement shall apply to all claims, including, without limitation, unknown and/or future claims, that may impact the Subject Insurance Policies or any rights thereunder.

THE PARTIES ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED BY THEIR ATTORNEYS CONCERNING, AND ARE FAMILIAR WITH, CALIFORNIA CIVIL CODE SECTION 1542, AND EXPRESSLY WAIVE ANY AND ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES THAT "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR," AND UNDER ANY OTHER FEDERAL OR STATE STATUTE OR LAW OF SIMILAR EFFECT.

The Parties expressly assume the risk that acts, omissions, matters, causes or things may have occurred, which they do not know or do not suspect to exist. The Parties hereby waive the terms and provisions of any statute, rule or doctrine of common law which either: (i) narrowly construes releases purporting by their terms to release claims in whole or in part based upon, arising from, or related to such acts, omissions, matters, causes or things; or, (ii) which restricts or prohibits the releasing of such claims.

The releases provided in this Paragraph VI shall not impair or affect the Parties' rights under this Agreement. The Parties hereby represent and warrant that they have

not sold, assigned, or transferred to any other Person any of the rights referenced in this Paragraph VI.

VII. Bankruptcy Obligations of the Parties

A. Support of Interested Parties

As set forth in Paragraph XXV, the Committees and the Future Claims Representative assent to this Agreement and entry of the Final Order approving the imposition of a channeling injunction in favor of the Participating LMI pursuant to 11 U.S.C. § 524(g), as described in Paragraph VII.D of this Agreement.

B. Section 105 Injunctions

Upon execution of this Agreement, ASARCO shall use its reasonable best efforts to obtain an injunction, pursuant to section 105(a) of the Bankruptcy Code, in favor of each Participating LMC substantially in the form attached hereto as Attachment D.

C. No Further Participation by Participating LMI

Upon the order approving the Agreement becoming a Final Order, the Participating LMI will not participate further in the Bankruptcy Case except to the extent necessary to protect their rights under the Agreement and Final Order. The Participating LMI will bear the costs related to such participation, if any.

D. The Plan of Reorganization

(1) Confirmation of a plan of reorganization is not a condition precedent to the effectiveness of this Agreement or payment of the Settlement Amount. However, neither the Confirmed Plan nor the Confirmation Order shall contain any provision that alters, affects or modifies this Agreement, or the Participating LMI' rights under this Agreement, in any respect; in the event that either the Confirmed Plan or the

VIII. Dismissal of Coverage Lawsuits and Standstill Agreement

A. Within five (5) days after both (i) payment of the Settlement Amount; and (ii) the order approving this Agreement becoming a Final Order, each of ASARCO and the Participating LMI shall dismiss with prejudice its claims, counterclaims and cross-claims (if any), in the Texas Action. The Texas Action shall be stayed against the Participating LMI pending the order approving this Agreement becoming a Final Order.

B. The Parties agree not to make any claim or commence any legal proceedings against one another relating in any way to the Insurance Rights, whether in law, equity, arbitration or otherwise, after the date this Agreement is executed, other than to enforce obligations created under this Agreement.

C. ASARCO and the Participating LMI shall bear their own costs, expenses, and counsel fees in The Arbitration, the Texas Action and the Bankruptcy Case.

IX. Reasonably Equivalent Value

The Parties acknowledge and agree that: (i) this Agreement was bargained for and entered into in good faith and as the result of arms-length negotiations; and, (ii) based on their respective independent assessments, with the assistance and advice of counsel, of the probability of success, the complexity, the delay in obtaining relief, and the expense of The Arbitration, the Texas Action, and the Bankruptcy Case, the payments and other benefits received under this Agreement by ASARCO constitute a fair and reasonable settlement of ASARCO's claims asserted in The Arbitration, the Texas Action and the Bankruptcy Case; (iii) the payments and other benefits received under this Agreement by ASARCO constitute reasonably equivalent value for (x) the release, indemnity, and other benefits received by the Participating LMI under this

Agreement, and (y) the purchase of the Insurance Rights and buy-back of the Subject Insurance Policies; and (iv) this Agreement constitutes a full and final adjudication of all issues in The Arbitration and the Texas Action, and any action which could be brought on account of or relating to the Subject Insurance Policies.

X. No Actual or Constructive Fraud

ASARCO represents, warrants and attests that it enters into this Agreement for the specific purpose of obtaining the Settlement Amount, which funds, subject to Paragraph XII, shall be used for the payment of creditors of ASARCO in connection with Asbestos Claims, based on its evaluation and determination that the Settlement Amount is in the best interest of creditors and other parties in interest, whether known or unknown, in connection with Asbestos Claims.

XI. Warranty of No Rights Under Subject Insurance Policies

ASARCO warrants that upon the order approving this Agreement becoming a Final Order, it shall have no rights against any Participating LMC under any of the Subject Insurance Policies or the Insurance Rights.

XII. Reservation of Rights to Apportion Settlement Amount

ASARCO, the Committee of Unsecured Creditors of ASARCO, LLC, the Committee of Unsecured Creditors for the Subsidiary Non-Operating Debtors, and the Future Claimants Representative, respectively, each reserves all rights and claims in and against the Settlement Amount and the apportionment thereof among ASARCO, LLC, and the Subsidiary Non-Operating Debtors and their estates. Such reservation of rights does not apply to or affect the Participating LMI.

XIII. Federal Asbestos Legislation Reform

A. Prevention of Duplicative Payment by Settling Insurance Companies

The Parties acknowledge that efforts are underway in the United States to enact a federal legislative response related to Asbestos Claims.

If federal legislation is enacted into law by the United States Congress, at any time through and including the later of (a) January 31, 2007 or (b) the adjournment of the current Congress ("Adjournment Date"), that concerns, controls or limits the prosecution or defense of, relates to, regulates, limits or affects any Asbestos Claim, by establishing a national trust for payment of Asbestos Claims that would require or permit a Participating LMC to contribute to such trust (hereinafter "Asbestos Law"), which Asbestos Law satisfies the Repayment Conditions (as defined below), then, notwithstanding any other provision in this Agreement to the contrary, ASARCO shall return to the Participating LMC the Settlement Amount, or a portion thereof, as specified below in Paragraph XIII.C. This provision is intended to encompass what is commonly understood to be "asbestos FAIR act" and is not intended to encompass general tort reform, class action reform, malpractice reform, or tax reform legislation. For avoidance of doubt, the fact that legislation merely alters or modifies the requirements or standards for establishing liability against ASARCO (including legislation that imposes medical and/or exposure criteria, imposes strict liability on ASARCO, or regulates or limits the jurisdiction or forum in which an Asbestos Claim can be brought) does not make such legislation "Asbestos Law" under this Paragraph. By way of example and not limitation, such "asbestos reform" legislation would include, without limitation, the following bills that have been introduced in the U.S. Congress, S. 413, S. 852, S.1125, HR.1586, HR.1737 and HR.1114. It is the purpose and intent of this Paragraph to allow the

Participating LMC the sole and unilateral right to terminate this Agreement without any obligation to ASARCO in the event that any such federal Asbestos Law is enacted at any time through and including the Adjournment Date.

B. Definitions for this Paragraph XIII

(1) "Covered Claim" as used in this Paragraph XIII means any Asbestos Claim that, but for this Agreement, would fall within the scope of coverage (as limited by all applicable exclusions (particularly including, without limitation, "asbestosis" exclusions as defined and applied by the Arbitrator in The Arbitration), limits of liability, and other terms or conditions) of one or more of the Subject Insurance Policies.

(2) "Repayment Conditions" as used in this Paragraph XIII means all three of the following: (a) enactment of any Asbestos Law that supersedes or otherwise extinguishes asbestos claims against the Participating LMI and/or their policyholders, including, without limitation, ASARCO; and (b) a Participating LMC under any Asbestos Law is required to or otherwise, including, without limitation, voluntarily, does in fact pay money or other consideration related to such law that supersedes or extinguishes asbestos-related claims; and (c) such Participating LMC is not entitled to or otherwise do not in fact (for any reason whatsoever) set-off or otherwise decrease its payment or contribution under any Asbestos Law by the entirety of the Settlement Amount.

(3) "Repayment Period" as used in this Paragraph XIII means the period from the date of full execution of this Agreement by all parties hereto until the Adjournment Date.

C. Amount of Repayment to Participating LMI in the Event of Duplicative Payment

(1) If the Repayment Conditions arise, and if a Participating LMC is not entitled to any, or does not in fact receive any, explicit set-off or decrease in its payment or contribution due under any Asbestos Law arising out of payment of the Settlement Amount, ASARCO shall, within twenty-one (21) days of receiving notice from such Participating LMC (in the manner specified in Paragraph XXIII of this Agreement) of such Repayment Conditions, return to the Participating LMC all funds that have not been paid out to asbestos claimants.

(2) If the Repayment Conditions arise, and if a Participating LMC is entitled to only, or in fact receives only, a partial explicit set-off or decrease in its payment or contribution under any Asbestos Law arising out of payment of the Settlement Amount, ASARCO shall, within twenty-one (21) days of receiving notice from such Participating LMC (in the manner specified in Paragraph XIII of this Agreement) of such Repayment Conditions, return to the Participating LMC all funds that have not been paid out to asbestos claimants, less any explicit set-off or decrease in such payment or contribution under the Asbestos Law directly attributable to the Participating LMC's payments of its respective allocated Settlement Amount.

(3) In no event shall funds from the Settlement Amount be used to satisfy obligations imposed on ASARCO pursuant to any Asbestos Law.

(4) This Paragraph XIII and all its subparts shall be null and void and have no effect if any Asbestos Law is not enacted during the Repayment Period.

F. All Other Terms of This Agreement Remain in Force

Notwithstanding the operation of the terms of this Paragraph XIII or the repayment of the Settlement Amount or any part thereof, all other terms of this Agreement shall remain in full force and effect and shall be binding upon the Parties, save (for the avoidance of doubt) the obligation of the Participating LMI to pay the Settlement Amount.

In the event an Asbestos Law is enacted that contains a sunset provision that returns asbestos claims and policyholders to the tort system upon exhaustion of a national trust fund, and if such trust fund is exhausted, then the Participating LMI shall pay to ASARCO that amount, if any, determined by subtracting (a) the total amounts paid by the Participating LMI hereunder plus any amounts paid into the national trust fund from (b) the Settlement Amount.

XIV. Cooperation

ASARCO will undertake all reasonable actions to cooperate with the Participating LMI in connection with their respective reinsurers, including responding to reasonable requests for information and meeting with representatives of reinsurers. The Participating LMI shall reimburse ASARCO or its representatives for reasonable costs of travel to attend any such meetings or of providing such documentation.

XV. Claim Reporting

A. The Confirmed Plan shall contain a provision requiring the Trust to be established pursuant to section 524(g) to provide the Participating LMI's representative, for the Participating LMI' to seek reimbursement from their reinsurers and to respond to requests by any regulatory authority in connection with this Agreement, and internal

purposes relating to the Subject Insurance Policies, this Agreement and matters directly related thereto, with a detailed report concerning Asbestos Claims on at least a quarterly basis (the first such report to be provided to the Participating LMI within 90 days of the date of the Confirmation Order establishing such trust). If the Participating LMI or any of their reinsurers request, the Trust will provide such reports (in whatever form, whether written, electronic, or by providing access to data, such reports and any information contained therein hereinafter referred to as "Report(s)") to contain, with respect to the Trust; the number of total claims filed, pending or settled; judgments; dismissals; total indemnity paid and total expense paid. For each claim resolved, and only to the extent reasonably available to the Trust, the report shall set forth: (i) the claimant's name; (ii) claim number; (iii) jurisdiction; (iv) status (open or closed); (v) date of first exposure as set forth in the complaint or as reflected by information reasonably available to the Trust; (vi) the alleged disease and, to the extent reasonably available to the Trust by the exercise of its best efforts, the date of diagnosis; (vii) date of death if applicable; and (viii) the amount of indemnity paid.

Alternatively, the Parties agree that the Trust may provide the Reports by providing the Participating LMI (or their representative) with access to any database(s) that the Trust maintains for asbestos-related bodily injury claims provided that such database(s) contain the data set forth above and provided further that such database(s) can be operated by the Participating LMI (or their representative) to produce data reports reasonably equivalent to the Reports.

The Participating LMI shall exercise their reasonable best efforts to maintain the confidentiality of the Reports, including without limitation seeking a confidentiality pledge

from any auditor, regulator or reinsurer to which they provide the Reports and seeking a protective order in any proceeding in which they use the Reports, but the Participating LMI' right to disclose any portion of the Reports to their auditors, regulators or reinsurers shall not be affected if their reasonable best efforts do not result in a confidentiality pledge being given or a confidentiality order being entered. A Report or information contained in any Report shall only be disclosed to another party by a Participating LMC for the purpose of seeking reimbursement from reinsurers in connection with this Agreement or to respond to inquiries made by its auditor or by a regulatory authority in connection with this Agreement. Nothing in this Paragraph XV shall prevent the Participating LMI from using the Reports for their own internal purposes, so long as such purposes relate to ASARCO and/or the Subject Insurance Policies but shall not be used in relation to other insureds of the Participating LMI.

XVI. Warranty of Non-Executory Contract

Each Party agrees, represents and warrants that the only material obligation under this Agreement, as such term is used under the case law interpreting 11 U.S.C. § 365, or any other applicable state or federal law, is the obligation of the Participating LMI to pay the Settlement Amount; all other obligations of the Participating LMI, if any, are ministerial in nature, do not constitute bargained-for consideration, do not alter the relationship forged by this Agreement, and are formalities that serve merely to confirm the relationship between the Parties. With respect to each Participating LMC, this Agreement shall immediately be deemed non-executory upon its payment of its several, Allocated Share of the Settlement Amount. Furthermore, ASARCO agrees that the failure of a Participating LMC to perform any of the remaining obligations would not

deprive ASARCO of the benefit that it reasonably expects, nor would it justify suspension of performance by ASARCO, nor would it defeat the purpose of this Agreement.

XVII. No Preferential Obligations

Each Party agrees, represents and warrants that the Participating LMI are not creditors of ASARCO with respect to this Agreement, the Subject Insurance Policies or any transaction between the Participating LMI and ASARCO prior to the effective date of this Agreement. Each Party agrees, represents and warrants that ASARCO does not owe any antecedent debt to the Participating LMI.

XVIII. Non-Prejudice and Construction

This Agreement is not a contract of insurance. This Agreement is not subject to rules or construction governing contracts of insurance, including, without limitation, the doctrine of *contra proferentem*. This Agreement is a compromise between the Parties and shall not be construed as an admission of coverage under the Subject Insurance Policies, nor shall this Agreement or any provision hereof be construed as a waiver, modification or retraction of the positions of the Parties with respect to the interpretation and application of the Subject Insurance Policies.

This Agreement is the product of informed negotiations and involves compromises of the Parties' previously stated legal positions. Accordingly, this Agreement does not reflect upon the Parties' views as to rights and obligations with respect to matters or Persons outside the scope of this Agreement. This Agreement is without prejudice to positions taken by the Participating LMI with regard to other insureds, and without prejudice with regard to positions taken by ASARCO with regard

to other insurers. The Parties specifically disavow any intention to create rights in third parties under or in relation to this Agreement.

This Agreement is the jointly drafted product of arms-length negotiations between the Parties with the benefit of advice from counsel, and the Parties agree that it shall be so construed. As such, neither Party will claim that any ambiguity in this Agreement shall be construed against the other Party.

XIX. No Modification

No change or modification of this Agreement shall be valid unless made in writing and signed by the Parties (or their attorney-in-fact) whose interests are affected by such change or modification.

XX. Execution

There will be two signed originals of this Agreement which may be executed in duplicate counterparts.

XXI. Governing Law

This Agreement shall be governed by and shall be construed in accordance with the laws of Texas. Any litigation related to or arising out of this Agreement shall be brought within the state courts of Texas or the federal courts in the appropriate district within the State of Texas. The Parties agree that service or process may be effected by certified or registered mail, return receipt requested, or by overnight delivery or by regular mail if certified or registered mail or overnight delivery is refused.

XXII. Attorneys' Fees

If legal action is taken to enforce this Agreement, the prevailing Party shall be entitled to recover its reasonable litigation expenses, including, without limitation, attorneys' fees and costs.

XXIII. Notices

Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following person:

ASARCO:	Jack L. Kinzie ASARCO LLC c/o Baker Botts LLP 2001 Ross Avenue Dallas, Texas 75201-2980
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Participating LMC:	Robert Kingston Executive Director PRO Insurance Solutions One Great Tower Street London EC3R 5AH United Kingdom
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With a copy to:	Mary Ann D'Amato Mendes & Mount, LLP 750 Seventh Avenue New York, New York 10019
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	Russell W. Roten Duane Morris LLP 633 West 5 th Street, Suite 4600 Los Angeles, CA 90071-2065
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XXIV. Integration

This Agreement, including the attachments, constitutes the entire Agreement between the Participating LMI and ASARCO, with respect to the subject matter hereof, and supersedes all discussions, agreements and understandings, both written and oral, among the Parties with respect thereto.

XXV. Assent by Others

Letters reflecting assent to this Agreement by the Committees and the FCR are annexed as Attachment F.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

The Participating LMI have designated Mendes & Mount as their attorneys-in-fact for the limited purpose of executing this Agreement on their behalf with express authority to do so.

Signed: D.E. McCrester (For ASARCO LLC)
Vice President & General Counsel

Signed: _____ (For Participating LMI)

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I. Assent by Others

Letters reflecting assent to this Agreement by the Committees and the FCR are annexed as Attachment F.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

The Participating LMI have designated Mendes & Mount as their attorneys-in-fact for the limited purpose of executing this Agreement on their behalf with express authority to do so.

Signed: _____ (For ASARCO LLC)

Signed:  (For Participating LMI)

ATTACHMENT A**Subscribing LMI**

Company
Compagnie D'Assurances Maritimes Aeriennes et Terrestres
CNA Reinsurance of London Limited
Assicurazioni Generali Spa (UK Branch)
Heddington Insurance Company (UK) Limited
Companhia de Seguros Imperio S.A.
Allianz International Insurance Company Limited
Storebrand Insurance Company (UK) Limited
Taisho Marine & Fire Insurance Company (UK) Limited
The Tokio Marine & Fire Insurance Company (UK) Limited
Royale Belge SA
St. Katherine Insurance Company PLC
Turegum Insurance Company Limited
Unionamerica Insurance Company Limited
St. Katherine Insurance Company PLC
Yasuda Fire & Marine Insurance Company (UK) Limited
Winterthur Swiss Insurance Company

ATTACHMENT B**Known Insurance Policies Subject to this Agreement**

Policy	Period
NC3980	1 June 1977 - 15 March 1978
NC5380	15 March 1978 - 15 March 1979
NC6721	15 March 1979 - 15 March 1980
NC6722	15 March 1979 - 15 March 1980
NC6723	15 March 1979 - 15 March 1980
NC8712	15 March 1980 - 15 March 1981
NC8713	15 March 1980 - 15 March 1981
NC8714	15 March 1980 - 15 March 1981
NTA382	15 March 1981 - 15 March 1982
NTA383	15 March 1981 - 15 March 1982
NTA826	15 March 1982 - 15 March 1983
NTA827	15 March 1982 - 15 March 1983
NTB249	15 March 1983 - 15 March 1984
NTB250	15 March 1983 - 15 March 1984
NTB732	15 March 1984 - 15 March 1985
NTB733	15 March 1984 - 15 March 1985
NTC350	15 March 1985 - 15 March 1986
NTC351	15 March 1985 - 15 March 1986
NTC352	15 March 1985 - 15 March 1986
NTC353	15 March 1985 - 15 March 1986
NTD090	15 March 1986 - 15 March 1987
NTD091	15 March 1986 - 15 March 1987
UY3641900	15 March 1987 - 15 March 1988
UY3642000	15 March 1987 - 15 March 1988
UY3642100	15 March 1987 - 15 March 1988

ATTACHMENT C
Allocated Shares of Participating LMI

Company	Amount
Compagnie D'Assurances Maritimes Aeriennes et Terrestres	\$932,537.41
CNA Reinsurance of London Limited	\$3,772,800.32
Assicurazioni Generali Spa (UK Branch)	\$285,980.11
Heddington Insurance Company (UK) Limited	\$216,017.18
Companhia de Seguros Imperio S.A.	\$128,612.05
Allianz International Insurance Company Limited	\$822,449.67
Storebrand Insurance Company (UK) Limited	\$548,299.79
Taisho Marine & Fire Insurance Company (UK) Limited	\$1,370,749.44
The Tokio Marine & Fire Insurance Company (UK) Limited	\$2,056,124.17
Royale Belge SA	\$1,144,552.42
St. Katherine Insurance Company PLC	\$2,667,530.22
Turegum Insurance Company Limited	\$2,044,394.82
Unionamerica Insurance Company Limited	\$1,625,581.19
St. Katherine Insurance Company PLC	\$484,902.60
Yasuda Fire & Marine Insurance Company (UK) Limited	\$842,468.97
	\$18,943,000.36

ATTACHMENT D
Form of Section 105(a) Injunction

Based on the findings and conclusions set forth above, it is hereby ORDERED as follows:¹

1. The Debtors' request for a preliminary injunction, as set forth in the Motion, is hereby GRANTED.

2. An "Enjoined Claim" is (a) any claim, demand, or cause of action arising under or relating in any way to the Subject Insurance Policies or other Insurance Rights, or (b) any Asbestos Claim made by non-parties to the Settlement Agreement against any Participating LMC, whenever and wherever arising or asserted, whether sounding in tort, contract, warranty or any other theory of law, equity or admiralty, including, without limitation, all claims, demands, and causes of action whether by way of direct action or otherwise. For avoidance of doubt, an Enjoined Claim includes only those claims asserted against any Participating LMC, and does not include the rights of holders of Asbestos Claims to assert such Asbestos Claims against any Debtor or the Trust. In order to preserve and promote the Settlement Agreement and as described herein, all entities which have held or asserted, which hold or assert or which may in the future hold or assert an Enjoined Claim are hereby stayed, enjoined, and restrained from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments or recovery with respect to any Enjoined Claim, including, but not limited to: (i) commencing and/or continuing in any manner any action or other proceeding of any kind with respect to any Enjoined Claim against any Participating LMC or against the property of any Participating LMC; (ii) enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any Participating LMC or against the property of any Participating LMC with respect to any such Enjoined Claim; (iii) creating, perfecting or

enforcing any lien of any kind against any Participating LMC or the property of any Participating LMC with respect to any such Enjoined Claim; (iv) except as provided in the Settlement Agreement, asserting, implementing or effectuating any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Participating LMC or against the property of any Participating LMC with respect to any such Enjoined Claim; and (v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Settlement Agreement relating to such Enjoined Claim.

3. Upon entry of this Order any applicable statutes of limitations with respect to Enjoined Claims shall be tolled.

¹ Terms not otherwise defined herein shall have the meaning assigned to such terms in the Settlement Agreement and Release effective the ___ day of June 2006, by and between ASARCO LLC and Certain Participating London Market Companies ("Settlement Agreement").

ATTACHMENT E

Form of Section 524(g) Injunction

(a) **Terms.** In order to preserve and promote the settlements contemplated by and provided for in the Plan, and to supplement, where necessary, the injunctive effect of the discharge as provided in Sections 1141 and 524 of the Bankruptcy Code and as described in this Article, and further pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under Sections 524(g) and 105(a) of the Bankruptcy Code, all entities which have held or asserted, which hold or assert or which may in the future hold or assert any Asbestos Claim, demand or cause of action (including, but not limited to, any claim, demand or cause of action for or respecting any Trust Expense, and any derivative or direct action claim, demand or cause of action) against each person within the definition of ASARCO and Participating LMI (or any of them) whenever and wherever arising or asserted, whether sounding in tort, contract, warranty or any other theory of law, equity or admiralty, shall be permanently stayed, restrained and enjoined from taking any action against the Participating LMI (the "Released Parties") for the purpose of directly or indirectly collecting, recovering or receiving payments or recovery with respect to any such claim, demand or cause of action, including, but not limited to:

(i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such claim, demand or cause of action against any of the Released Parties, or against the property of any Released Party;

(ii) enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any of the Released Parties or against the property of any Released Party with respect to any such claim, demand or cause of action;

(iii) creating, perfecting or enforcing any lien of any kind against any Released Party or the property of any Released Party with respect to any such claim, demand or cause of action;

(iv) except as otherwise provided in the Plan, asserting, implementing or effectuating any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Released Party or against the property of any Released Party with respect to any such claim, demand or cause of action; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan, the Plan Documents or the Trust Documents relating to such claim, demand or cause of action.

(b) **Reservations**. Notwithstanding anything to the contrary, this injunction shall not apply to or otherwise affect the assertion against the Released Parties of any claim, demand or cause of action that is not released pursuant to the provisions of this Plan, and shall further not impair:

(i) the rights of holders of Asbestos Claims to assert such Asbestos Claims solely against the Trust in accordance with the trust distribution procedures applicable to the Asbestos Claims;

(ii) the rights of the Trust or the Reorganized Debtors to prosecute the Coverage Action or any similar claim, cause of action or right against parties who are not Released Parties.

ATTACHMENT F

Letter of Assent

June 13, 2006

Asarco, LLC
And Participating LMI

LETTER OF ASSENT

As set forth in Paragraphs VII.A. and XXV, the undersigned (being the Official Committee of Unsecured Creditors in the Asarco, LLC case, the Official Committee of Unsecured Creditors in the Subsidiary Debtors cases, and the Future Claims Representative appointed in the Subsidiary Debtor cases) hereby assent to the foregoing "Settlement Agreement and Release" and to the entry of the Final Order approving the imposition of a channeling injunction in favor of the Participating LMI pursuant to 11 USC Section 524(g), as described in Paragraph VII.D. of the Settlement Agreement and Release.

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ASARCO, LLC

By: _____

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR SUBSIDIARY DEBTORS

By: _____

FUTURE CLAIMS REPRESENTATIVE
(Subsidiary Debtors)

By: _____

Robert C. Pate

June 13, 2006

Asarco, LLC
And Participating LMI

LETTER OF ASSENT

As set forth in Paragraphs VII.A. and XXV, the undersigned (being the Official Committee of Unsecured Creditors in the Asarco, LLC case, the Official Committee of Unsecured Creditors in the Subsidiary Debtors cases, and the Future Claims Representative appointed in the Subsidiary Debtor cases) hereby assent to the foregoing "Settlement Agreement and Release" and to the entry of the Final Order approving the imposition of a channeling injunction in favor of the Participating LMI pursuant to 11 USC Section 524(g), as described in Paragraph VII.D. of the Settlement Agreement and Release.

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ASARCO, LLC

By: _____

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR SUBSIDIARY DEBTORS

By: Jh 2 [Signature], its atty.

FUTURE CLAIMS REPRESENTATIVE
(Subsidiary Debtors)

By: R. C. Pate
Robert C. Pate