

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)
	§	

**DEBTORS' SECOND SUPPLEMENT TO JOINT DISCLOSURE STATEMENT
IN SUPPORT OF THE RESPECTIVE PLANS
OF REORGANIZATION PROPOSED BY (1) THE DEBTORS;
(2) ASARCO INCORPORATED AND AMERICAS MINING CORPORATION;
AND (3) HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.**

BAKER BOTTS L.L.P.

Jack L. Kinzie
James R. Prince
Marty Green
2001 Ross Avenue
Dallas, Texas 75201-2980
Telephone: 214.953.6500
Facsimile: 214.953.6503

BAKER BOTTS L.L.P.

Tony M. Davis
Mary Millwood Gregory
One Shell Plaza
910 Louisiana
Houston, Texas 77002
Telephone: 713.229.1234
Facsimile: 713.229.1522

JORDAN, HYDEN, WOMBLE,
CULBRETH & HOLZER, P.C.

Shelby A. Jordan
Harlin C. Womble
Nathaniel Peter Holzer
Suite 900, Bank of America
500 North Shoreline
Corpus Christi, Texas 78471
Telephone: 361.884.5678
Facsimile: 361.888.5555

Dated: August 14, 2009

Counsel for the Debtors

The Debtors¹ have filed a Sixth Amended Joint Plan of Reorganized for the Debtors Under Chapter 11 of the United States Bankruptcy Code, As Modified, With Further Modifications As Of August 11, 2009 (the “Debtors’ Modified Plan”), which has been filed with the Court and which was previously described in a supplement filed with the court on August 11, 2009.

Yesterday, the Parent filed ASARCO Incorporated’s and Americas Mining Corporation’s Further Supplement to Joint Disclosure Statement in Support of the Respective Plans of Reorganization Proposed by (1) the Debtors; (2) ASARCO Incorporated and Americas Mining Corporation; and (3) Harbinger Capital Partners Master Fund I, Ltd. (the “Parent Supplement”). The Parent Supplement purports to describe a new plan of reorganization **THAT HAS NOT BEEN FILED**. It is unclear how creditors can be expected to rely upon this Parent Supplement without a Parent plan of reorganization being on file with the Court and the Debtors therefore caution creditors against relying upon a description of a plan that has not yet been filed with the court.

Further, **the Parent Supplement is fundamentally misleading** in its representation of the economics of the Debtors’ Modified Plan, which, unlike the Parent’s unfiled modified plan, has been filed and which can be examined by any creditor:

Even Greater Value.

The Debtor’s Plan offers superior consideration both on an aggregate basis and as it applies to both Class 3 and Class 4 individually.

The total consideration now amounts to *at least* \$1.8083 billion on the effective date and also **provides for the potential payment of creditors in full** from the SCC Final Judgment, subject only to such limitations as the Bankruptcy Court shall determine are necessary. The consideration offered under the Debtors’ Plan includes:

- \$1.5873 billion **in cash**
- \$83 million present value of the nine year \$207.9 million copper note, *plus the value of any upward working capital adjustment*
- \$138 million present value of the \$160 million Asbestos Put Option
- Litigation trust units in an amount sufficient to pay creditors in full, with 100% of principal and 100% of postpetition interest and other amounts owed to creditors (\$582.8 million to \$609.6 million is owed on account of post-petition interest only). **The Bankruptcy Court will determine the amount of litigation trust interests that creditors must receive in order for creditors to be paid in full on the Effective Date and these interests will be distributed on the Effective Date.** Significantly, the SCC Final Judgment is NOT capped under the Debtors’ Plan and is available to satisfy creditors’ claims to the full extent permissible.

Under the Debtors’ Plan, Creditors in Class 3 will receive Cash in an amount that the Debtors currently project would result in payment of 100% of the principal amount of claims on the Effective Date. In addition, the Debtors project that the Class 4 Asbestos Trust will receive \$569.6

¹ Capitalized terms and phrases used but not otherwise defined herein shall have the meanings set forth in the Uniform Glossary of Defined Terms for the Debtors’ Plan Documents (the “Debtors’ Glossary”).

million in cash on the Effective Date (almost \$70 million MORE in initial Cash to Class 4 than the Parent's Plan), PLUS a promissory note. Due to the recent amendments of the Debtors' Plan the security of the note has substantially improved and the note will still be subject to an UPWARD working capital adjustment allowing Class 4 creditors to participate in any improvements in copper prices. The Parent's recent amendments effectively deprive creditors of any benefit from a working capital adjustment. **Further, and unlike the Parent's unfiled modified plan, creditors have a reasonable prospect of receiving payment in full from the SCC Judgment. The Bankruptcy Court is charged under the Debtors' Plan with the task of estimating the percentage of litigation trust units that should be distributed to ensure that creditors likely will be paid in full and we anticipate the court will protect the interests of creditors. Under the Parent's unfiled modified plan (which again, has only been described and which Debtors have had no opportunity to examine), creditors will only receive a limited amount of post-petition interest. All other recoveries of interest under the Parent's plan are subject to a cap in the best scenario and also are subject to continued litigation by the Parent and may not be paid at all.**

More Certainty.

- Sterlite, unlike the Parent, has a labor accord. Recent testimony from union officials and advisors suggest that the Parent and the USW union remain very far apart on issues relating to their labor negotiations and **the USW has successfully concluded a strike authorization vote in the event Parent's plan is confirmed.**
- Sterlite, unlike the Parent, has posted \$125 million letter of credit to secure closing of the transaction and will further put an additional \$100 million letter of credit at risk upon recommendation by the Bankruptcy Court of confirmation of the Debtors' Plan. The Debtors continue to have serious concerns regarding the Parent's proposed escrow agreement and believe it does not provide the same degree of certainty. The Parent still has NOT provided any evidence that it will be able to obtain the financing to make the substantial payments necessary to fund the Parent's Plan.

More Support

- The Debtors' Plan continues to enjoy high levels of voting support and the support of major constituencies. The ASARCO Committee, which was appointed by the office of the United States Trustee to represent and protect the interests of unsecured creditors, recently stated in open court **their EXCLUSIVE support for the Debtors' Plan, and indicated that under no circumstances would they support the Parent's Plan.**

Misleading Descriptions.

- The Parent's Supplement misleadingly states that creditors under the Debtors' Plan will receive only \$1.67 billion, when in fact, the total consideration is **\$1.8083 billion** as detailed above .
- After considering the Parent's description of the Parent's unfiled plan made in court, which similarly reflected the Parent's view that the Parent's Plan offered "superior" value to that offered under the Debtors' Plan, Counsel for **the majority bondholders stated unequivocally on the record that, in the**

majority bondholder's view, the Debtors' Plan provides superior value to unsecured creditors, directly contradicting the Parent in this regard.

IN ORDER TO HAVE A BALLOT COUNTED, EACH CLAIMANT ENTITLED TO VOTE ON THE DEBTORS' MODIFIED PLAN MUST COMPLETE AND RETURN THE BALLOT IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN THE BALLOT AND IN THE DISCLOSURE STATEMENT SO THAT THEY ARE RECEIVED BY THE BALLOTING AGENT BY NO LATER THAN **4:00 P.M., PREVAILING CENTRAL TIME, ON AUGUST 17, 2009**. PLEASE READ THE INSTRUCTIONS ON YOUR BALLOT CAREFULLY AND COMPLETE YOUR BALLOT IN ITS ENTIRETY BEFORE RETURNING IT TO THE BALLOTING AGENT. IF YOU HAVE ALREADY VOTED ON THE DEBTORS' PLAN AND DO NOT WISH TO CHANGE YOUR VOTE OR YOUR PREFERENCE, YOU DO NOT NEED TO TAKE ANY ACTION. YOUR EARLIER BALLOT WILL BE COUNTED SO LONG AS IT IS COMPLETED IN ACCORDANCE WITH THE INSTRUCTIONS AND IS RECEIVED PRIOR TO **AUGUST 17, 2009**.

The Debtors strongly recommend that all holders of impaired Claims in Classes 2, 3, and 4 vote to accept the Debtors' Modified Plan, that each holder of a Claims against the Debtors indicate a preference for the Debtors' Modified Plan, and that all such holders return their Ballots to the Balloting Agent *so that they are received* on or before **4:00 p.m., Prevailing Central Time, on August 17, 2009**.

The undersigned have executed this Supplement as of the 14th day of August, 2009.

Respectfully submitted,

ASARCO LLC, a Delaware limited liability company

By: /s/ Joseph F. Lapinsky

Joseph F. Lapinsky
Chief Executive Officer and President

ALC, INC., a Tennessee corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President

ALTA MINING AND DEVELOPMENT COMPANY, a
Utah corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

AMERICAN SMELTING AND REFINING COMPANY, a
New Jersey corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

AR MEXICAN EXPLORATIONS, INC., a Delaware
corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

AR SACATON, LLC, a Delaware limited liability company

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

ASARCO CONSULTING, INC., a Delaware corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

ASARCO EXPLORATION COMPANY, INC., a New York corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

ASARCO MASTER, INC., a Delaware corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

ASARCO OIL AND GAS COMPANY, INC., a New York corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

BLACKHAWK MINING AND DEVELOPMENT COMPANY, LIMITED, an Idaho corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

BRIDGEVIEW MANAGEMENT COMPANY, INC., a New Jersey corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

CAPCO PIPE COMPANY, INC., an Alabama corporation

By: /s/ William Perrell

William Perrell
President and Secretary

CEMENT ASBESTOS PRODUCTS COMPANY, an Alabama corporation

By: /s/ William Perrell

William Perrell
President and Secretary

COVINGTON LAND COMPANY, a Delaware corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

ENCYCLE, INC., a Delaware corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

GOVERNMENT GULCH MINING COMPANY LIMITED,
an Idaho corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

GREEN HILL CLEVELAND MINING COMPANY, a
Nevada corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

LAC D'AMIANTE DU QUÉBEC LTÉE, a Delaware
corporation

By: /s/ William Perrell

William Perrell
President and Secretary

LAKE ASBESTOS OF QUEBEC, LTD., a Delaware
corporation

By: /s/ William Perrell

William Perrell
President and Secretary

LAQ CANADA, LTD., a Delaware corporation

By: /s/ William Perrell

William Perrell
President and Secretary

PERU MINING EXPLORATION AND DEVELOPMENT
COMPANY, a Delaware corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

SOUTHERN PERU HOLDINGS, LLC, a Delaware limited
liability company

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

TULIPAN COMPANY, INC., a Delaware corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary

WYOMING MINING AND MILLING COMPANY, an
Idaho corporation

By: /s/ Douglas E. McAllister

Douglas E. McAllister
President and Secretary