



Asarco Management Demanding Weaker Corporate Protections for Employees

During these negotiations Asarco has demanded concessions in many of the corporate protections and job security provisions negotiated in 2005 and 2007 and renewed in 2010 and 2011. Asarco has insisted that the protections on successorship, organizing neutrality and contracting out be weakened or eliminated.

These protections have not been problems for the Company since they were first negotiated or since Grupo Mexico regained control of Asarco in December 2009. For example, since Grupo Mexico resumed control over Asarco, Asarco has had operating profits of \$1.8 billion.

It is important that you understand what is at stake.

The Gains Won by the 2005 Strike

Employees at Asarco went on strike for 139 days in 2005 to protest the Company's demands for numerous concessions and its unfair labor practices. Employees returned to work after the Company, still owned by Grupo Mexico, agreed to a 13-month extension without any concessions and a new successorship clause. Now Asarco wants that successorship protection back.

Successorship Protection for Jobs and Contracts

The successorship clause (Article 2 Section D, page 10, of the 2007 contract booklet) requires that if Asarco sells or transfers one or more plants (or a significant part of any plant), it must require the buyer to recognize the Union and negotiate a new collective bargaining agreement prior to the sale taking place.

This important clause protects our jobs and our rights and benefits and prevents a new buyer from refusing to rehire the plant's workforce, avoiding recognizing our Union, and setting new terms and conditions. By having the right to bargain with the buyer, it also gives the Union the right to evaluate the business plan of a potential buyers and its ability to invest in our facilities and propose a labor agreement that fits the circumstances.

Our members know better than anyone what happens when corporations play the merger and acquisition game. Grupo Mexico acquired Asarco in November 1999 following a hostile takeover attempt by Phelps Dodge and Asarco's offer to merge with Cyprus Amax Minerals. Asarco filed for Chapter 11 bankruptcy protection on August 10, 2005 and Grupo Mexico (Asarco's ultimate parent company) resumed control of Asarco in December 2009.

Ownership of copper mines in the United States has changed dramatically over the last 15 years. Many of the mines and companies have changed hands, some several times.

If Grupo Mexico intends to operate Asarco, the successorship clause will have no impact on the Company – it doesn't affect operations or profitability. But if it decides to sell Asarco or its plants, the successorship clause provides important protection that we will still have the ability to protect our jobs, wages and benefits.