

SECURITIES AND EXCHANGE COMMISSION

FORM SC 14D9/A

Tender offer solicitation / recommendation statements filed under Rule 14d-9 [amend]

Filing Date: **1999-09-10**
SEC Accession No. **0000898822-99-000438**

(HTML Version on secdatabase.com)

SUBJECT COMPANY

CYPRUS AMAX MINERALS CO

CIK: **769589** | IRS No.: **362684040** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 14D9/A** | Act: **34** | File No.: **005-36527** | Film No.: **99709708**
SIC: **1000** Metal mining

Mailing Address

9100 EAST MINERAL CIRCLE
ENGLEWOOD CO 80112

Business Address

9100 E MINERAL CIRCLE
ENGLEWOOD CO 80112
3036435000

FILED BY

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Schedule 14D-9
(Amendment No. 1)

SOLICITATION/RECOMMENDATION STATEMENT

PURSUANT TO SECTION 14(d)(4) OF THE
SECURITIES EXCHANGE ACT OF 1934

Cyprus Amax Minerals Company
(Name of Subject Company)

Cyprus Amax Minerals Company
(Name of Person Filing Statement)

Common Stock, No Par Value
(Including the Associated Preferred Share Purchase Rights)
(Title of Class of Securities)

496902 10 7 (Common Stock)
(CUSIP Number of Class of Securities)

Philip C. Wolf, Esq.
Senior Vice President, General Counsel and Secretary
Cyprus Amax Minerals Company
9100 East Mineral Circle
Englewood, Colorado 80112
(303) 643-5000

(Name, address and telephone number of person authorized to receive
notice and communications on behalf of the person filing statement)

Copy to:

Elliott V. Stein, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

=====

This statement amends and supplements the Solicitation/Recommendation Statement on Schedule 14D-9 of Cyprus Amax Minerals Company, a Delaware corporation ("Cyprus Amax"), filed with the Securities and Exchange Commission (the "Commission") on September 9, 1999 (the "Schedule 14D-9"), with respect to the exchange offer made by Phelps Dodge Corporation, a New York corporation ("Phelps Dodge"), to exchange Phelps Dodge common stock, par value \$6.25 per share, for all of the outstanding shares of Cyprus Amax common stock, no par value ("Cyprus Amax Common Stock"), on the terms and conditions set forth in the Phelps Dodge Offer.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Schedule 14D-9.

Item 9. Material to be Filed as Exhibits

Item 9 of the Schedule 14D-9 is hereby amended and restated as follows:

- Exhibit 1: Pages 62, 64-66, 72-73 and 79 in the Joint Proxy Statement/Prospectus and page 13 in the Asarco Cyprus 8-K.**
- Exhibit 2: Pages 11-22 in the Annual Proxy Statement.**
- Exhibit 3: Press release issued by Cyprus Amax and Asarco, dated September 9, 1999.**
- Exhibit 4: Letter to Stockholders of Cyprus Amax, dated September 9, 1999.* **
- Exhibit 5: Complaint filed in Phelps Dodge v. ASARCO et al., Superior Court of New Jersey Chancery Division: Mercer County, August 27, 1999.**
- Exhibit 6: Complaint filed in Sterns v. McAllister et al., Superior Court of New Jersey Chancery Division: Mercer County, August 24, 1999.**
- Exhibit 7: Complaint filed in Greenfield v. Osborne, et al., Superior Court of New Jersey Chancery Division: Mercer County, August 25, 1999.**
- Exhibit 8: Complaint filed in Steiner v. Cyprus Amax et al., Court of Chancery of the State of Delaware in and for New Castle County, August 23, 1999.**
- Exhibit 9: Complaint filed in Miller v. Cyprus Amax et al., Court of Chancery of the State of Delaware in and for New Castle County, August 23, 1999.**
- Exhibit 10: Complaint filed in Bruno v. Stookey et al., Court of Chancery of the State of Delaware in and for New Castle County, August 24, 1999.**

- Exhibit 11: Complaint filed in Green v. Stookey et al., Court of Chancery of

the State of Delaware in and for New Castle County, August 24, 1999.**

- Exhibit 12: Complaint filed in Lifshitz v. Stookey et al., Court of Chancery of the State of Delaware in and for New Castle County, August 24, 1999.**
- Exhibit 13: Complaint filed in Klotz v. Ward et al., Court of Chancery of the State of Delaware in and for New Castle County, August 24, 1999.**
- Exhibit 14: Complaint filed in Grill v. Stookey, et al., Court of Chancery of the State of Delaware in and for New Castle County, August 26, 1999.**
- Exhibit 15: Complaint filed in Phelps Dodge v. Cyprus Amax, et al. Court of Chancery for the State of Delaware in and for New Castle County, August 27, 1999.**
- Exhibit 16: Letter from Cyprus Amax and Asarco to shareholders, dated September 10, 1999.
- Exhibit 17: Newspaper Advertisement by Cyprus Amax and Asarco dated September 10, 1999.
- Exhibit 18: Investor Presentation by Cyprus Amax and Asarco.

* Included with Schedule 14D-9 mailed to stockholders.

** Previously Filed

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

CYPRUS AMAX MINERALS COMPANY

By:

/s/ Philip C. Wolf

Philip C. Wolf
Senior Vice President,
General Counsel and Secretary

Dated: September 10, 1999

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AN IMPORTANT MESSAGE

THE ASARCO CYPRUS MERGER:
THE ONLY TRANSACTION THAT YOU CAN COUNT ON
TO DELIVER VALUE

Dear Cyprus Amax and Asarco Shareholders:

The Boards of Directors of Cyprus Amax and Asarco unanimously recommend that shareholders VOTE FOR the proposed merger of Cyprus Amax and Asarco on September 30. The Boards and managements of both companies are convinced that only this transaction delivers to you your fair share of the value of combining our two companies. The Boards, assisted by their independent financial and legal advisors, thoroughly reviewed Phelps Dodge's exchange offers and determined they are inadequate and not in the best interests of Cyprus Amax and Asarco shareholders. The full details of these determinations are contained in the Schedule 14D-9 which is being mailed to you separately.

In recommending the Asarco Cyprus merger, the Boards view shareholders as having the opportunity:

- o To be the owners of the largest publicly-traded copper company in the world with an estimated cash cost of 50 cents per pound;
- o To benefit from 100% of an estimated \$275 million of annual savings achievable from our combination;
- o To receive an immediate special cash payment of \$5.00 per Asarco Cyprus share, following completion of the proposed merger on September 30.

In short, the new Asarco Cyprus will be a premier copper investment.

IN THE 3-WAY DEAL PROPOSED BY PHELPS DODGE, WE BELIEVE ASARCO CYPRUS WOULD BRING:

- | | |
|--------------------------------|----------------------------|
| o 57% of production | o 60% of the copper margin |
| o 61% of reserves | o 92% of the synergies |
| o Lower cash costs | o 91% of the cash |
| o 4 of the 5 lowest cost mines | |

IN SHARP CONTRAST, PHELPS DODGE WANTS TO TAKE A SUBSTANTIAL PERCENTAGE OF YOUR VALUE FOR ITS OWN SHAREHOLDERS, GIVING ASARCO CYPRUS SHAREHOLDERS ONLY 43% OWNERSHIP OF THE 3-WAY ENTERPRISE.

Phelps Dodge calls the Asarco Cyprus offer requesting an ownership interest of just 50% of the value "unreasonable." We disagree, it is eminently fair.

PHELPS DODGE IS TRYING TO COERCE CYPRUS AMAX AND ASARCO SHAREHOLDERS INTO DOING A TRANSACTION THAT IS NOT IN YOUR BEST INTERESTS. IT IS UNWILLING TO GIVE YOU FAIR VALUE. IT IS UNWILLING TO COMMIT TO DOING A TRANSACTION IF SHAREHOLDERS APPROVE THE ASARCO CYPRUS MERGER ON SEPTEMBER 30. AND IT IS UNWILLING TO PRESENT YOU WITH A COMPETITIVE DEAL READY FOR COMPLETION.

Compare the certainties of the proposed Asarco Cyprus merger with the uncertainties of Phelps Dodge's offer:

<TABLE>

<CAPTION>

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<C>

ASARCO CYPRUS

PHELPS DODGE

- o September 30 shareholder vote
- o All regulatory consents obtained
- o Fully negotiated and effective merger agreement

- o No Phelps Dodge shareholder vote by September 30
- o Unknown closing date, if ever
- o Uncertain timing of antitrust clearance
- o Exchange offer is subject to numerous conditions
- o No form of merger agreement proposed

</TABLE>

THE ONLY TRANSACTION CYPRUS AMAX AND ASARCO SHAREHOLDERS CAN COUNT ON TO REALIZE VALUE IS THE ASARCO CYPRUS MERGER. THE ONLY TRANSACTION CYPRUS AMAX AND ASARCO SHAREHOLDERS CAN COUNT ON TO BE COMPLETED BY SEPTEMBER 30 IS THE ASARCO CYPRUS MERGER.

Cyprus Amax and Asarco shareholders need not be stampeded by Phelps Dodge or its self-serving agenda.

VOTE FOR THE ASARCO CYPRUS MERGER ON SEPTEMBER 30. DESPITE WHAT PHELPS DODGE WOULD LIKE YOU TO BELIEVE, IT IS THE ONLY TRANSACTION YOU CAN COUNT ON.

To VOTE FOR the Asarco Cyprus merger transaction, please sign and return the WHITE proxy card.

On behalf of the Boards of Directors and all of us at Cyprus Amax and Asarco, we thank you for your support.

Sincerely,

<TABLE>

<CAPTION>

<S>

<C>

/s/ Francis R. McAllister
Francis R. McAllister,
Chairman and Chief Executive Officer
ASARCO Incorporated

/s/ Milton H. Ward
Milton H. Ward,
Chairman, Chief Executive Officer and President
Cyprus Amax Minerals Company

</TABLE>

-----IMPORTANT-----

If you need assistance or information, please call our proxy solicitors:

Asarco Shareholders

MORROW & CO., INC

at (800) 662-5200

Cyprus Amax Shareholders

GEORGESON
SHAREHOLDER
COMMUNICATIONS INC

at (800) 223-2064

[ASARCO LOGO]

[CYPRUS AMAX MINERALS COMPANY LOGO]

ATTENTION ASARCO AND CYPRUS AMAX SHAREHOLDERS:

THE ASARCO CYPRUS MERGER:
THE ONLY DEAL YOU CAN COUNT ON
TO DELIVER VALUE

The proposed Asarco Cyprus merger is the ONLY transaction that you can count on to deliver value. It is the ONLY transaction that you can count on to be completed.

Phelps Dodge wants you to GIVE UP much of what you would realize in an Asarco Cyprus merger to Phelps Dodge's shareholders through Phelps Dodge's unsolicited hostile exchange offers. And, PHELPS DODGE CAN'T EVEN ASSURE YOU THAT IT CAN COMPLETE ITS TRANSACTION.

COMPARE THE CERTAINTIES OF THE PROPOSED ASARCO CYPRUS MERGER WITH THE UNCERTAINTIES OF PHELPS DODGE:

<TABLE> <CAPTION> <S>	<C>
ASARCO CYPRUS	PHELPS DODGE
<ul style="list-style-type: none"> o September 30 shareholder vote o All regulatory consents obtained o Fully negotiated and effective merger agreement 	<ul style="list-style-type: none"> o No Phelps Dodge shareholder vote by September 30 o Uncertain timing of antitrust clearance o Exchange offer subject to numerous conditions o Unknown closing date, if ever o No form of merger agreement proposed
</TABLE>	

ASK YOURSELF:

1. WHY HAS PHELPS DODGE NOT ACCEPTED ASARCO CYPRUS' TERMS OF AUGUST 25, 1999? Is it because Phelps Dodge does not want to give Asarco and Cyprus Amax shareholders a fair ownership interest in the enterprise based upon their contribution?
2. WHY IS PHELPS DODGE THREATENING TO WALK AWAY IF SHAREHOLDERS VOTE IN FAVOR OF THE TRANSACTION? Is it because they don't want to pay for your fair share of the value created by the Asarco Cyprus merger?
3. WHY IS PHELPS DODGE BRINGING LAWSUITS IN NEW JERSEY AND DELAWARE TO PREVENT SHAREHOLDERS FROM VOTING ON THE ASARCO CYPRUS DEAL? Is it because they are unprepared to present you with a competitive deal ready for completion?

ASARCO AND CYPRUS AMAX SHAREHOLDERS NEED NOT BE STAMPEDED
BY PHELPS DODGE'S SELF-SERVING AGENDA.

SHAREHOLDER APPROVAL OF THE ASARCO CYPRUS MERGER ON SEPTEMBER 30 MEANS YOU WILL:

- o Receive an immediate cash payment of \$5.00 per share
- o Be the owners of the largest publicly-traded copper company in the world with an estimated cash cost of 50 cents per pound
- o Benefit from 100% of an estimated \$275 million of annual savings achievable

from our combination

VOTE FOR THE PROPOSED ASARCO CYPRUS TRANSACTION ON SEPTEMBER 30

DESPITE WHAT PHELPS DODGE WOULD LIKE YOU TO BELIEVE:
IT IS THE ONLY TRANSACTION YOU CAN COUNT ON.

We urge you to sign, date and mail the WHITE proxy card today.

<TABLE>	
<CAPTION>	
<S>	<C>
/s/ Francis R. McAllister Francis R. McAllister Chairman and Chief Executive Officer ASARCO Incorporated	/s/ Milton H. Ward Milton H. Ward Chairman, Chief Executive Officer and President Cyprus Amax Minerals Company
</TABLE>	

IMPORTANT

If you need assistance or information, please call our proxy solicitors:

<TABLE>	
<CAPTION>	
<S>	<C>
Asarco Shareholders: MORROW & CO., INC. at (800) 662-5200 or CHRIS SCHULTZ, Treasurer, Asarco at (212) 510-2329	Cyprus Amax Shareholders: GEORGESON SHAREHOLDER COMMUNICATIONS INC. at (800) 223-2064 or JOHN TARABA, VP and Controller, Cyprus Amax at (303) 643-5244
</TABLE>	

ASARCO Incorporated

[LOGO] CYPRUS AMAX
Minerals Company

[PHOTOGRAPH OF TOQUEPALA]

Toquepala

[PHOTOGRAPH OF EL ABRA]

El Abra

INVESTOR

PRESENTATION

September 1999

[PHOTOGRAPH OF CUAJONE]

Cuajone

[PHOTOGRAPH OF CERRO VERDE]

Cerro Verde

ASARCO CYPRUS MERGER

- . Merger of Equals
- . Exchange of Shares
 - 0.765 Share of Asarco Cyprus for Each Cyprus Amax Share
 - 1.000 Share of Asarco Cyprus for Each Asarco Share
- . Post Merger Ownership
 - Cyprus Amax Common Shareholders Own 63.5%
 - Asarco Shareholders Own 36.5%

- . Cash Payment of \$5.00 Per Asarco Cyprus Share After Closing
- . Shareholder Vote September 30
- .
- .

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ASARCO CYPRUS MERGER

- . \$5.00 Cash Payment to Shareholders on Completion of Merger
 - Immediate Value to Shareholders
 - Focuses Attention on Underlying Value of Merger
- . Drop Takeover Defenses - 90 Days Post Merger
 - Disarm Rights Plan
 - No Change in Control in New Employment Contracts
- . Pursue Sale of Non-Core Businesses - \$1 Billion Value Including:
 - Specialty Chemical Business
 - Kinross Gold
 - Australian Coal
- . Confident of Achieving \$275 Million in Synergies/Rationalization Benefits
- .

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RE-RATING OF ASARCO CYPRUS

	Asarco Cyprus -----	Phelps Dodge -----
Market Capitalization*	\$2.4 Billion	\$3.5 Billion

Pounds of Production	2.0 Billion	1.6 Billion
----------------------	-------------	-------------

Equity Value Per

Pound Produced	\$1.17	\$2.24
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- Opportunity For Re-Rating of Asarco Cyprus
- Asarco Cyprus Merger Provides Greater Potential for Growth in Shareholder Value

* Common Stock Price As of 8/20/99

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ASARCO CYPRUS VS. PHELPS DODGE

(Selected Statistics)	Asarco Cyprus -----	Phelps Dodge -----	AC share of AC & PD -----
1999 (E) Production (Million Lbs.)	2,055	1,551	57%
12/98 Copper Reserves (Billion Lbs.)	62	40	61%
Cash Costs (cents/Lb.)	0.50	0.54	55%
Low Cost Mines	4	1	80%
Copper Margin (@ 80cents) (\$ Millions)	617	403	60%
Synergies (\$ Millions)	275	300	92%
Cash	\$1.4 B	\$144 M	91%

Beneficial Copper Production Cash Cost Profile

[Bar graph depicting beneficial copper production cash cost profile, with figures approximated, for Cyprus Amax: El Abra (cash cost: 37 cents per pound; copper production: .250 billion pounds), Cerro Verde (48 cents; .100 billion pounds), Bagdad (67 cents; .225 billion pounds), Miami (68 cents; .190 billion pounds), Sierrita (71 cents; .250 billion pounds); for Asarco: Silver Bell (49 cents; .025 billion pounds), SPCC (51 cents; .500 billion pounds), MRI (70 cents; .035 billion pounds), Mission (73 cents; .250 billion pounds), Ray (74 cents; .260 billion pounds); for Phelps Dodge: Candelaria (50 cents; .325 billion pounds), Morenci (55 cents; .900 billion pounds), Chino (63 cents; .200 billion pounds), Tyrone (64 cents; .200 billion pounds). Measured in cash cost (cents per pound) against copper production (billion pounds).]

Source: Phelps Dodge - Brook Hunt, modified 1999 EST

MERGER COST SAVINGS PROJECTIONS

(\$ millions, except per share)

	Asarco Cyprus -----	Phelps Dodge -----
Administration	\$ 50	\$ 85
Purchasing/Operations	50	60
Other	25	55
Rationalization	75	75

Subtotal Cash	----- 200	----- 275
Exploration Adjustment	-	(40)
Adjusted Cash	----- 200	----- 235
Accounting Benefit	75*	65
Total Pretax	----- 275	----- 300
Contribution	92%	8%
Per Share (after tax)	\$1.85	
Anticipated Market Value Impact (\$/Share)	\$11.33 - \$13.76	

*Based on Stock Price of \$18.00 (AR) at Proxy Date (8/20/99)

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COST SAVING ACTIONS

Examples of Cost Savings	(In Millions)
Administration	\$50.0
Consolidate Offices	
Eliminate 170 Positions	
Eliminate Duplicate Expenses	
Eliminate Exploration Duplicate Activities	
Purchasing	50.0
Leverage Commodity Purchases	
Reduce Warehouse Inventory	
Logistics	
Operating Best Practices	25.0 +

Haul Truck Load Factor Optimization
Cascade Leaching
In-House Fabrication of Starter Sheets
Converter Maintenance and Scheduling
Minimization of Revert Generation
Crusher Maintenance and Practices
Throughput and Recovery Optimization

Rationalization

75.0

Mine Plan Changes at Mission and Ray

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HISTORICAL TRADING VALUES OF SELECTED COPPER EQUITIES

[Chart depicting relative trading values of Cyprus Amax, ASARCO, and Phelps Dodge, during the period between January 1 and July 14. Base value assumption: Cyprus - 10.000; Asarco - 15.125; Phelps - 50.875.]

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HISTORICAL TRADING VALUES OF SELECTED COPPER EQUITIES

[Chart depicting relative trading values of Cyprus Amax, ASARCO, and Phelps Dodge, during the period between July 14 and August 19. Base value assumption: Cyprus - 13.938; ASARCO - 19.000; Phelps - 66.438.]

ASARCO CYPRUS REDUCED CASH COSTS

[Bar graph depicting cash costs, measured by cents per pound, for each of Cyprus Amax and Asarco for 1996 (72 cents for Cyprus Amax, 69 cents for Asarco), 1997 (63 cents for Cyprus Amax, 69 cents for Asarco), 1998 (56 cents for Cyprus Amax, 64 cents for Asarco), and 1999(E) (50 cents for Cyprus Amax, 60 cents for Asarco), and for Asarco Cyprus combined for 2001(E) (50 cents).]

ASARCO CYPRUS MERGER

- . World's Largest Publicly Traded Copper Company
- . Strong Management
- . Global Presence With Portfolio of World Class Properties
- . Low Costs With Excellent Potential For Additional Reductions
- . Accretive to Shareholders
- . \$875 Million in Cash and \$1 Billion Plus in Other Sources of Liquidity
- . Pipeline of Growth Projects
- . Increased Shareholder Liquidity

ASARCO CYPRUS MERGER

- . Asarco Cyprus Merger Creates Greater Value Opportunity for Shareholders
- . Merger Captures Benefits and Provides Immediate Value
- . Merger is Best Value for Asarco and Cyprus Shareholders
- . Moving Ahead With Merger
- . Expect Equity Market to Re-Rate Share Price

ASARCO CYPRUS - WORLD LEADER IN COPPER

 Contained Copper Reserves - 12/31/98

[Bar graph depicting, at 12/31/98, contained copper reserves, measured in billion pounds for CYM & AR (62), Rio Tinto (56), BHP Copper (55), FCX (49), Phelps (40), GM (39), AR (37), Antofagasta (28), SPC (26), CYM (25), Rio Algoim (12), MIM (9).]

 1998 Copper Beneficial Production

[Bar graph depicting 1998 copper beneficial production, measured in million pounds, for CYM & AR (1968), BHP Copper (1929), Rio Tinto (1792), Phelps (1748), FCX (1479), AR (1025), CYM (965), MIM (784), GM (760), SPC (666), Antofagasta (563), Rio Algoim (379).]

Source: Brook Hunt

ASARCO Incorporated

[LOGO] CYPRUS AMAX
Minerals Company

Additional Information

MERGER OBJECTIVES

- . Become Low Cost Copper Producer:
\$0.50 Per Pound Cash Cost
- Earnings Breakeven: Less Than \$0.65 Per Pound Copper Price
- Generate Substantial Cash Flow
 - . \$750 Million EBITDA (\$0.80 Copper, \$3.00 Molybdenum) After Sale of Non-Core Businesses

MERGER OBJECTIVES

- . \$275 Million (\$1.85/share) in Annual Synergies, Cost Savings, and Rationalization Benefits

- Obtain Significant Operating Efficiencies
- Achieve Purchasing Savings
- Reduce Administrative Costs Through Consolidation and Closures
- Employ Best Practices of Two Strong Operators
 - . Quest 21 / AMS Process Management Systems
- Retain Strongest Managers

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MERGER OBJECTIVES

- . \$275 Million (\$1.85/share) in Annual Synergies, Cost Savings, and Rationalization Benefits
 - Cash Cost Savings to Generate \$125 Million Annually (\$0.84/Share by 2001)
 - Benefits of Purchase Accounting to Generate \$75 million Annually (\$0.50/share)
 - Cost Savings of \$75 Million From Production Rationalization During Periods of Low Prices
 - Maintain Limited Exploration Program

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MERGER OBJECTIVES

- . Enhance Liquidity and Financial Flexibility
 - Cash of \$875 Million After \$5.00 Per Share Cash Payment
 - Net Debt to Capital of 41.3% (net of cash)
 - Sale of Non-Core Businesses - \$1 Billion Value
 - Net Debt to Capital of 25.5% (net of cash) After Sales
- . Realize Immediate Value for Shareholders
 - Earnings and Cash Flow Accretive
 - Increase Trading Liquidity
 - Synergies Should Cause Market Re-Rating of Asarco Cyprus Shares
- . Asarco and Cyprus Shareholders Realize 100% of Synergy Benefits

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VALUE OF SYNERGIES

- .
- . Merger Gives Asarco and Cyprus Shareholders 100% of Synergies
- .
- . Phelps Dodge Proposal Takes 57% of Synergies for Their Shareholders

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MERGER OBJECTIVES

- . Become the World's Largest Publicly-Traded Copper Company
- .
 - Highly Focused, High Quality Copper/Moly Producer
 - 2 Billion Pounds of Annual Copper Production
 - 62 Billion Pounds of Reserves
 - World's Largest Molybdenum Producer
 - Significant Inventory of Future Development Projects

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NORTH AMERICAN OPERATIONS

[Map of United States and more detailed map of Arizona, indicating locations of mines, smelters, and refineries.]

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SOUTH AMERICA OPERATIONS

[Map of South America and more detailed map of Peru and Chile, indicating locations of mines, smelters, and refineries.]

1998 COMBINED MINE PRODUCTION

In Millions of Lbs.

	Sulfide	SX-EW	Total
	-----	-----	-----
North America	919	362	1,281
South America	300	387	687
	---	---	---
Total	1,219	749	1,968

ASARCO CYPRUS MANAGEMENT

. Key Cyprus Amax Achievements

- Implemented Quest 21
- Lowered Copper Costs by 21 cents Per Pound

- Reduced Employment at Continuing Operations by 28%
- Increased Production Per Employee by 44%
- Consolidated Moly Operations
- Focused Strategy: Sold Lithium and Coal; Merged Amax Gold
- Successful Development and Startups of El Abra, Cerro Verde
- Reduced Corporate Overhead Expense by 35%
- Transformed from Coal Company to Focused Low Cost Metals Company

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ASARCO CYPRUS MANAGEMENT

- . Focused Strategy to Realize Shareholder Value
- . Key Asarco Achievements
 - Expanded Low Cost SX-EW - SPCC, Silver Bell, Ray
 - Expanded Low Cost Sulfide - SPCC, Cuajone
 - Acquired Controlling Interest in Low Cost SPCC
 - Reduced Cash Cost \$0.14 per pound
 - Assets Disposals of \$825 Million
 - Implemented AMS Process Management System
 - Transformed From Custom Smelter and Refiner to Focused Low Cost Copper and Specialty Chemicals Company

ASARCO Incorporated

[LOGO] CYPRUS AMAX
Minerals Company

Financial Profile

ASARCO CYPRUS BALANCE SHEET

(In millions)

	Pro-Forma \$5 Cash Payment -----	Pro-Forma for Asset Sales -----
Total Assets	\$7,624	\$7,592
Total Cash and Marketable Securities	878	1,878
Total Debt and Capital Lease Obligations	2,863	2,863
Total Shareholders' Equity	2,262	2,329
Book Value Per Common Share	\$18.61	\$19.22
Total Debt to Capital	50.4%	49.8%
Total Debt to Capital, Net of Cash	41.3%	25.5%

ASARCO CYPRUS NON-COPPER ASSET VALUES

Specialty Chemicals

Cyprus Australia Coal

Kinross Gold (30% Interest)

Grupo Mexico Shares (\$79 Million Value)

Other Non-Core Assets

Estimated Value - \$1 Billion Plus

ASARCO CYPRUS CAPITAL EXPENDITURES

[Bar graph depicting Asarco Cyprus Capital Expenditures, in millions of dollars, excluding SPCC, for 1997 (529), 1998(340), 1999(E) (303), 2000(E) (257).]

- . Major Projects Completed
- . Capital Requirements at Reasonable Levels Going Forward

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SOUTHERN PERU CAPITAL EXPENDITURES

[Bar graph depicting Southern Peru Capital Expenditures, in millions of dollars, for 1997(184), 1998(259), 1999(E) (255), 2000(E) (276).]

- . Financing in Place

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