



ASARCO LLC

Attention: Mr. John George, V.P. of Administration
1150 North 7th Ave.
Tucson, AZ 85705

Re: **Commitment Letter**

Dear Mr. George:

You (the "Borrower") have requested that JPMorgan Chase Bank, N.A. ("Chase") commit to extend the senior letter of credit facility by one year from June 25, 2009 to June 25, 2010 via a First Amendment upon the terms and subject to the conditions set forth in this commitment letter (the "Commitment Letter") and in the Term Sheet attached hereto (the "Term Sheet"). In addition, Chase reserves the right to allocate its commitment among its affiliates and assign some or all of its rights to and delegate some or all of its responsibilities hereunder to one of its affiliates.

As consideration for Chase's commitment hereunder, you agree to pay to Chase the non-refundable fees set forth in Annex I to the Term Sheet.

Chase's commitment hereunder is subject to (a) there not occurring or becoming known to us any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on the business or financial condition, operations or property of the Borrower and its subsidiaries, taken as a whole, (b) our completion of and satisfaction in all respects with a due diligence investigation of the Borrower, (c) our not becoming aware after the date hereof of any information or other matter affecting the Borrower or the transactions contemplated hereby which is inconsistent in a material and adverse manner with an such information or other matter disclosed to us prior to the date hereof, (d) there not having occurred a material disruption of or material adverse change in conditions in the financial, banking or capital markets, (e) the negotiation, execution and delivery on or before June 24th, 2009 of definitive documentation with respect to the Amendment satisfactory to Chase and its counsel, (f) your compliance with the terms of this Commitment Letter and (g) the other conditions set forth or referred to in the Term Sheet. The terms and conditions of Chase's commitment hereunder and of the Amendment are not limited to those set forth herein and in the Term Sheet. Those matters that are not covered by the provisions hereof and of the Term Sheet are subject to the approval and agreement of Chase and the Borrower.

You agree to indemnify and hold harmless Chase and its affiliates and their respective officers, directors, employees, advisors, and agents (each, an "indemnified person") from and against any and all losses, claims, damages and liabilities to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the Amendment, the use of the proceeds thereof of any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, and to reimburse each indemnified person upon demand for any legal or other expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-

appealable judgment of a court to arise from the willful misconduct or gross negligence of such indemnified person. No indemnified person shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent they are found by a final, non-appealable judgment of a court to arise from the willful misconduct or gross negligence of such indemnified person. In addition, no indemnified person shall be liable for any special, indirect, consequential or punitive damages in connection with the Amendment.

In order to devote the time and resources to process this request, we will require payment of a deposit of \$5,000 (the "Deposit") upon execution of this letter. The Deposit shall be used to cover Chase's reasonable, documented out-of-pocket expenses, including reasonable fees, time charges and expenses of out attorneys, due diligences, syndication expenses (if any), consultant's fees and expenses (if any) and travel expenses (all such reasonable, documented out-of-pocket expenses being referred to herein as "Expenses"). In addition to the Deposit, you hereby agree (i) to deliver to Chase upon request by Chase such additional deposits as may be necessary to pay all Expenses in excess of the initial Deposit incurred in connection with the transaction which is the subject of this letter, and (ii) to reimburse Chase and its affiliates on demand for all Expenses incurred in connection with the Amendment documentation) or the administration, amendment, modification or waiver thereof. If the Facility is consummated, the Deposit less all expenses incurred will be applied at closing toward any other closing fees and expenses. If the Facility is not consummated for any reason whatsoever, the unused portion of the deposit will be returned to the Borrower.

This Commitment Letter shall not be assignable by you without the prior written consent of Chase (and any purported assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto. This Commitment Letter may not be amended or waived except by an instrument in writing signed by you and Chase. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter and the Term Sheet set forth the entire understanding of the parties with respect thereto. This Commitment Letter shall be governed by, and construed in accordance with, the laws of the State of Texas: IF THIS COMMITMENT LETTER, THE TERM SHEET OR ANY ACT, OMISSION OR EVENT HEREUNDER OR THEREUNDER BECOMES THE SUBJECT OF A DISPUTE, YOU AND CHASE EACH HEREBY WAIVE TRIAL BY JURY.

This Commitment Letter is delivered to you on the understanding that neither this Commitment Letter or the Term Sheet nor any of their terms or substance shall be disclosed, directly or indirectly, to any other person except (a) to your officers, agents and advisors (other than commercial lenders) who are directly involved in the consideration of this matter or (b) as may be compelled in a judicial or administrative proceeding or as otherwise required by law (in which case you agree to inform us promptly thereof), *provided* that, the foregoing restrictions shall cease to apply after this Commitment Letter has been accepted by you. Officers, directors, employees and agents of Chase and its affiliates shall at all times have the right to share amongst themselves information received from you and your affiliates and your officers, directors, employees and agents.

You acknowledge that Chase and any of its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in

respect of which you may have conflicting interests regarding the transactions described herein and otherwise. Neither Chase nor any of its affiliates will use confidential information obtained from you by virtue of the transactions contemplated by this letter or their other relationships with you in connection with the performance by Chase or any of its affiliates of service for other companies, and neither Chase nor any of its affiliates will furnish any such information to other companies. You also acknowledge that Chase and its affiliates have no obligation to use in connection with the transactions contemplated by this letter, or to furnish to you, confidential information obtained from other companies.

The compensation, reimbursement, indemnification and confidentiality provisions contained herein and in the Term Sheet shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or Chase's commitment hereunder.

You hereby authorize Chase, at its sole expense, but without any prior approval by you, to publish such tombstones and give such other publicity to the Facility as it may from time to time determine in its sole discretion. The foregoing authorization shall remain in effect unless the Borrower notifies Chase in writing that such authorization is revoked.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms hereof and of the Term Sheet by returning to us an executed counterpart hereof not later than 5:00 p.m., New York City time, on June 24th, 2009. Chase's commitment will expire at such time in the event Chase has not received such executed counterpart in accordance with the immediately preceding sentence. This Commitment Letter and Term Sheet supersede any and all prior versions hereof and thereof.

Chase is pleased to have been given the opportunity to assist you in connection with this important financing.

Very Truly Yours,

JPMorgan Chase Bank, N.A.

By: 

Name
Title

T.C. Wilde
V.P.

Accepted and agreed to as of
the date first written above by:

ASARCO LLC

By: _____

Name
Title
Date:

SENIOR SECURED CREDIT FACILITY

Term Sheet for the
First Amendment to the Credit Agreement
June 11, 2009

This Term Sheet is delivered with a commitment letter of even date herewith (the "Commitment Letter") from JPMorgan Chase Bank, N.A. to the Borrower in connection with the Letter of Credit Facility described below. Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to such terms in the Commitment Letter as well as the Credit Agreement dated as of June 25, 2008 between ASARCO LLC and JPMorgan Chase Bank, N.A. – Chase Business Credit ("Credit Agreement").

I. Parties

Borrower: ASARCO LLC, the Borrower, a Debtor and Debtor In Possession under Chapter 11 of the Bankruptcy Code.

Lender: JPMorgan Chase Bank, N.A. Chase.

II. Proposed Amendment

Extend the maturity date of June 25, 2009 by a one-year period, to June 25, 2010 on the existing \$5,000,000 Commitment. The Commitment is a Letter of Credit Facility which will be used solely for the issuance of standby letters of credit.

Purpose: The proceeds of the Letter of Credit Facility shall be used for the issuance of one or more letters of credit on behalf of the Borrower and its subsidiaries.

III. Certain Payment Provisions

Fees and Interest Rates: As set forth on Annex I.

VI. Collateral and Other Credit Support

Collateral: Each letter of credit issued under the Letter of Credit Facility (each, a Letter of Credit and all fees and expenses associated therewith and all interest on any unreimbursed draws will be secured by cash collateral, to be provided in advance of the issuance thereof, in the amount of 110% of the face amount of such Letter of Credit (collectively, the Collateral).

VII. Certain Conditions

Initial Conditions: The availability of the Letter of Credit Facility shall be conditioned upon satisfaction of, among other things, the following conditions precedent on or before the Closing Date of the Amendment:

(a) The Borrower shall have executed and delivered satisfactory definitive financing documentation with respect to the Letter of Credit Facility, including an Amendment to the Credit

Agreement, security documents and other legal documentation (collectively, the "First Amendment", mutually satisfactory to the Borrower and the Lender).

(b) The Lender shall have received an order of the Bankruptcy Court approving the renewal of the Letter of Credit Facility, reduced fee and pricing, and elimination of financial reporting. Borrower agrees to provide financial reporting upon request of Lender.

(b) The Lender shall have received all fees required to be paid, and all expenses for which invoices have been presented, on or before the Closing Date.

(c) All governmental and third party approvals necessary in connection with the financing contemplated hereby and the continuing operations of the Borrower and its subsidiaries (including shareholder approvals, if any) shall have been obtained on satisfactory terms and shall be in full force and effect.

(d) Satisfactory results of business due diligence investigation.

(e) The Lender shall have received such closing documents as are customary for transactions of this type or as it may reasonably request, all in form and substance reasonably acceptable to the Lender and its counsel.

(f) The corporate structure, capital structure, other debt instruments, material accounts, and governing documents of Borrower and its affiliates, shall be acceptable to the Lender.

(g) All legal (including tax implications) and regulatory matters shall be satisfactory to the Lender. The Lender's counsel shall have completed all legal due diligence.

(h) Liens creating a first priority security interest in the Collateral shall have been perfected.

Conditions to Issuance
of each Letter of Credit:

The issuance of each Letter of Credit shall be conditioned upon (a) the accuracy of all representations and warranties in the Facility Documents (including, without limitation, the material adverse change and litigation representations; (b) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit and (c) after giving effect to the issuance of such Letter of Credit, the aggregate face amount of all outstanding Letters of Credit, together with all unreimbursed draws, shall not exceed the Commitment. As used herein and in the Facility Documents a "material adverse change" shall mean any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (i) the business or financial condition, assets or operations of the Borrower and its subsidiaries taken as a whole, (ii) the ability of any loan

party to perform any of its obligations under the Facility Documents to which it is a party, (iii) the Collateral, or the Lender's liens on the Collateral or the priority of such liens, or (iv) the rights of or benefits available to the Lender thereunder.

VIII. Certain Documentation Matters

	<p>The Facility Documents shall contain representations, warranties, affirmative covenants and events of default customary for financings of this type and other terms deemed appropriate by the Lender, including, without limitation:</p>
<p>Representations and Warranties:</p>	<p>Financial statements; absence of undisclosed liabilities; no material adverse change; existence and standing, authorization and validity; compliance with law; corporate power and authority; enforceability of Facility Documents; no conflict with law or material contractual obligations; no default; ownership of Collateral; liens on Collateral; taxes; Federal Reserve regulations; ERISA; Investment Company Act; accuracy of disclosure.</p>
<p>Affirmative Covenants:</p>	<p>Delivery of information requested by the Lender; payment of obligations; continuation of business and maintenance of existence and material rights and privileges; material compliance with laws; maintenance of books and records; right of the Lender to inspect books and records; notices of material defaults, material litigation and other material events.</p>
<p>Financial Covenants:</p>	<p>Not applicable.</p>
<p>Negative Covenants:</p>	<p>Not applicable.</p>
<p>Events of Default:</p>	<p>Nonpayment of amounts owing under the Letter of Credit Facility; material inaccuracy of representations and warranties; violation of covenants; cross default; bankruptcy events (the definition of which is to be agreed); certain ERISA events; material judgments; and a change of control (the definition of which is to be agreed).</p>
<p>Expenses:</p>	<p>The Borrower shall pay (a) all reasonable, documented out-of-pocket expenses of the Lender associated with the preparation, execution, delivery, administration and enforcement of the Facility Documents and any amendment or waiver with respect thereto (including the reasonable, documented fees, disbursements and other charges of outside counsel) and (b) reasonable, documented fees and expenses of other advisors and professionals engaged by the Lender.</p>
<p>Governing Law:</p>	<p>The Facility Documents will be governed by the internal laws of the State of Texas.</p>

Annex I

Interest and Certain Fees

Commitment Fee:	A commitment fee equal to 0.25% per annum on the Commitment, payable at Closing to the Lender
Letter of Credit Fees:	A letter of credit fee, equal to 1.125% per annum, on the daily maximum amount to be drawn under all letters of credit, payable monthly in arrears to the Lender, together with a \$500 per issuance fee, plus any documentary and processing charges in accordance with the Lender's standard schedule for such charges with respect to the issuance, amendment, cancellation, negotiation or transfer of each letter of credit and each drawing made thereunder. Chase shall provide a current version of such schedule to the Borrower prior to Closing.
Closing Fee:	Not applicable.
Default Rate:	After default, the Letter of Credit Fee will be increased by 2% per annum.
Rate and Fee Basis:	All per annum rates shall be calculated on the basis of a year of 360 days for actual days elapsed.

**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
	§	

**ORDER AUTHORIZING THE DEBTOR TO AMEND AND EXTEND
ITS \$5 MILLION LETTER OF CREDIT FACILITY
WITH JPMORGAN CHASE BANK, N.A. AND RELATED RELIEF**

The Court, having considered the Motion (the “Motion”) for order pursuant to 11 U.S.C. §§ 105, 362, 363 and 364(c) and Rule 4001 of the Federal Rules of Bankruptcy Procedure authorizing ASARCO LLC (“ASARCO” or the “Debtor”) to amend and extend its \$5 million letter of credit facility with JPMorgan Chase Bank, N.A. (“Chase”) and to pay Chase a \$5,000 up-front deposit for reasonable fees and expenses for due diligence and documentation filed by ASARCO and any attachments thereto, and having considered the responses, if any, filed thereto, and due notice having been given of the Motion, finds that the relief sought in the Motion is in the best interests of the Debtor and should be granted. NOW THEREFORE, IT IS HEREBY:

ORDERED that the Motion is **GRANTED**; and it is further

ORDERED that ASARCO is authorized to enter into the Amended Credit Facility¹ and incur post-petition secured indebtedness to Chase pursuant to the Commitment Letter and Term Sheet; it is further

ORDERED that ASARCO is authorized to execute appropriate documentation memorializing the Amended Credit Facility including but not limited to letter of credit

¹ All capitalized terms not defined herein shall have the meanings ascribed to those terms as set forth in the Motion.
DAL02:541014.1

agreements, security documents and any other legal documents, the terms of which are substantially set forth in the Commitment Letter and Term Sheet; and it is further

ORDERED that ASARCO is authorized to fund a \$5,000 work fee deposit to Chase; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: _____, 2009

RICHARD S. SCHMIDT
UNITED STATES BANKRUPTCY JUDGE