

EXHIBIT B

**ESCROW AGREEMENT
(LMI Settlement)**

This Escrow Agreement dated July __, 2006, (the "Agreement") is among Asarco, LLC ("ASARCO"), Capco Pipe Company, Inc. ("Capco"), Lac D'Amiante Du Québec Ltd ("LAQ," and together with Capco collectively the "Subsidiary Debtors" and the Subsidiary Debtors together with ASARCO, collectively the "Debtors"), the Official Committee of Unsecured Creditors of Lac D'Amiante Du Québec Ltd. and Capco Pipe Company Inc., et al. (the "Subsidiary Committee", and together with ASARCO and the Subsidiary Debtors, collectively the "Parties"), and Wells Fargo Bank, National Association acting hereunder not in its individual capacity but solely as escrow agent (the "Escrow Agent").

Recitals

WHEREAS, on April 11, 2005, several of ASARCO's wholly owned direct or indirect subsidiaries, including the Subsidiary Debtors, filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, the Honorable Richard S. Schmidt, United States Bankruptcy Judge presiding (the "Bankruptcy Court").

WHEREAS, on August 9, 2005, ASARCO filed its voluntary chapter 11 petition in the Bankruptcy Court. ASARCO's chapter 11 case and the chapter 11 cases of its subsidiaries are administratively consolidated under the following case style: *In re ASARCO LLC, et al.*, Case No. 05-21207 (collectively referred to as the "Reorganization Cases").

WHEREAS, ASARCO, the Subsidiary Debtors, the Subsidiary Committee, Robert C. Pate, Esq., an individual appointed by the Bankruptcy Court in the Subsidiary Debtors' Reorganization Cases to represent the interests of future asbestos demands, on one hand, and a group of participating London market insurance carriers (collectively, the "Participating LMI Carriers"), on the other hand, have negotiated a Settlement Agreement and Release dated July ____, 2006 (the "LMI Settlement Agreement") regarding certain rights, claims and causes of action with respect to certain insurance policies more fully described in the LMI Settlement Agreement. Counsel to the Participating LMI Carriers is Russell W. Roten, Duane Morris LLP, 633 West 5th Street, Suite 4600, Los Angeles, California 90071-2065.

WHEREAS, pursuant to the Settlement Agreement, each of the Participating LMI Carriers are required to deposit their share of the total sum of \$18,943,000 (the "Settlement Amount") (as shown in the attached Allocated Shares of Participating LMI, Attachment C to the LMI Settlement Agreement) in a segregated, interest-bearing escrow

account twenty-five days after the date of execution of the LMI Settlement Agreement by the parties thereto.

WHEREAS, the Settlement Agreement and this Escrow Agreement are subject to approval by the Bankruptcy Court.

WHEREAS, the purpose of this Escrow Agreement is to implement the escrow provisions of the LMI Settlement Agreement and to permit payment of reorganization expenses incurred in the Subsidiary Debtors' bankruptcy cases under the terms set forth herein.

WHEREAS, the escrow account created under this Escrow Agreement is the second escrow account relating to the Reorganization Cases held by the Escrow Agent. The first escrow account, account number 18199100 ("Original Escrow Account"), was created pursuant to that certain Escrow Agreement dated July 8, 2005, the purpose of which is to implement the Stipulation and Order Regarding Certain Insurance Proceeds dated July 1, 2005, the Supplemental Stipulation and Order Regarding Certain Insurance Proceeds dated August 9, 2005 and the Second Supplemental Stipulation and Order Regarding Certain Insurance Proceeds dated April 28, 2006 (collectively, the "Stipulations"). Each of the Stipulations was signed by the Bankruptcy Court.

WHEREAS, pursuant to the Settlement Agreement, the LMI Carriers have agreed to escrow the Settlement Amount and the Escrow Agent agrees to hold and distribute such funds in accordance with this Escrow Agreement.

Article 1: Directions

1.01 Receipt of Escrowed Property:

Upon execution hereof, and in accordance with the terms of the LMI Settlement Agreement, the Participating LMI Carriers shall deposit their respective share of the Settlement Amount with the Escrow Agent, the aggregate sum of which is \$18,943,000, to be deposited into the escrow account (hereinafter referred to as the "Escrow Property").

1.02 Disbursements:

(a) The Escrow Agent shall disburse funds from the Escrow Property to such person or persons, as directed by an order of the Bankruptcy Court, and only after receiving a copy of an Order of the Bankruptcy Court approving the LMI Settlement Agreement, and after receipt of a written joint certification signed by counsel to the Parties and counsel to the Participating LMI Carriers verifying that such order has

become a “Final Order” as provided in and defined by the LMI Settlement Agreement. In the event that the LMI Settlement Agreement is not approved by an order of the Bankruptcy Court, then the Escrow Agent shall return to the Participating LMI Carriers their respective shares of the Settlement Amount no later than one day after receipt of a written joint certification signed by counsel to the Parties and counsel to the Participating LMI Carriers verifying that the order denying approval of the LMI Settlement Agreement has become a Final Order.

(b) In addition to following the directives of the Bankruptcy Court with respect to the Escrow Property as provided in paragraph 1.02(a) above, the Escrow Agent shall also disburse payments to such person or persons, as directed jointly in writing by Counsel for ASARCO, the Subsidiary Debtors and the Subsidiary Committee, for the payment of fees, costs and expenses in the Subsidiary Debtors’ bankruptcy cases. Payment of such fees, costs and expenses under this paragraph 1.02(b) shall be made only if (i) there are insufficient funds in the Original Escrow Account to pay such fees, costs and expenses as stated jointly in writing by Counsel for ASARCO, the Subsidiary Debtors and the Subsidiary Committee, and (ii) if the Bankruptcy Court has entered a Final Order approving the LMI Settlement Agreement, as certified by counsel under paragraph 1.02(a) above. Each joint instruction for payment of fees, costs and expenses shall contain a statement that the fees, costs and expenses requested in such joint instructions comply with all applicable Orders of the Bankruptcy Court.

(c) Only the following counsel (the “Counsel”) of record are entitled to issue instructions or directions to the Escrow Agent on behalf of the Party they represent and on behalf of any persons or other parties entitled under the Stipulations to payments from the Escrow Property.

<u>ASARCO</u>	<u>Subsidiary Debtors</u>	<u>Subsidiary Committee</u>
Douglas E. McAllister, Esq. Ruth G. Kern, Esq. ASARCO LLC 8222 S. 48th Street Suite 220 Phoenix, Arizona 85044 Phone: 602.977.6507 Fax: 602.977.6706	Shelby A. Jordan, Esq. Pete Holzer, Esq. Jordan, Hyden, Womble & Culbreth, P.C. 500 North Shoreline Boulevard Suite 900 Corpus Christi, TX 78471 Phone: 361.884.5678 Fax: 361.888.5555	Sander L. Esserman, Esq. Stutzman, Bromberg, Esserman & Plifka, P.C. 2323 Bryan Street, Suite 2200 Dallas, TX 75201 Phone: 214.969.4910 Fax: 214.969.4999

(d) Each Party’s Counsel shall execute the Certificate of Authorized Signature substantially in the form of Exhibit A. Only one Counsel for each Party is required to issue instructions or directions to the Escrow Agent on behalf of each Party.

1.03 Investments:

(a) The Escrow Property shall be credited by Escrow Agent and recorded in an escrow account. Escrow Agent shall be permitted, and is hereby authorized to deposit, transfer, hold and invest (1) \$17,500,000.00 of the Escrow Property received under this Escrow Agreement ("Tranche 1"), in one or more U.S. Treasury Bills having a maturity or a term to maturity of 60 days or less and (2) the balance of the Escrow Property received under this Escrow Agreement ("Tranche 2"), including principal and interest, in the Wells Fargo Advantage 100% Treasury Money Market Fund-Service Class #008, a Money Market Mutual Fund ("Wells Fargo Advantage Fund"), during the period of this escrow. Escrow Agent may invest the Escrow Property in alternative investments in accordance with joint written instructions as may from time to time be provided to Escrow Agent and signed by Counsel for each of the Parties. Any interest received by Escrow Agent with respect to the Escrow Property, including reinvested interest, shall become part of the Escrow Property.

(b) The Escrow Agent may purchase or sell to itself or any affiliate, as principal for agent. If such investment can be registered, it shall be registered in the name of the Escrow Agent for the benefit of the Parties in accordance with this Escrow Agreement and held by the Escrow Agent. The Escrow Agent shall be entitled to sell or redeem any such investments, as necessary to make any payments or distributions required under this Agreement, in the following order. Payments or distributions required under this Agreement shall be made first from Tranche 2, unless there are insufficient funds to make the required payments or distributions from the investments in Tranche 2, in which case, the Escrow Agent shall be entitled to sell or redeem any such investments in Tranche 1 in order to make such payments or distributions. The Escrow Agent may act as purchaser or agent in the making or disposing of any investments. The Escrow Agent shall have no responsibility or liability for any diminution of the Funds held in the escrow account which may result from any investment made pursuant to this Escrow Agreement, including any losses on any investment required to be liquidated prior to maturity in order to make a payment or distribution required hereunder.

(c) The investments in the Wells Fargo Advantage Fund are not obligations of, or endorsed or guaranteed by, the Escrow Agent or its affiliates and are not insured by the Federal Deposit Insurance Corporation.

(d) Such investments will be made as soon as possible following the availability of such funds to the Escrow Agent for investment, taking into consideration the regulations and requirements (including cut-off times) of the Federal Reserve wire system, the investment provider and the Escrow Agent, and compliance with standard operating procedures of such parties.

(e) The Escrow Agent shall send statements to each of the Parties on a monthly basis reflecting activity in the Escrow Account for the preceding month. Although

the Parties recognize that they may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Parties hereby agree that confirmations of permitted investments are not required to be issued by the Escrow Agent for each month in which a monthly statement is rendered. No statement need be rendered for the Escrow Account if no activity occurred for such month.

(f) The Parties acknowledge that they have received, upon their request, and reviewed the Fund's prospectus and have determined that the Fund is an appropriate investment for the Escrow Account. The Fund's prospectus can be downloaded from the Wells Fargo website at:

<http://www.wellsfargoadvantagefunds.com/Portal/Site/isp/>.

1.04 Tax Reporting:

(a) Tax Reporting Parties agree that, for tax reporting purposes, all interest or other taxable income earned from the investment of the Escrow Property in any tax year shall be deemed to be income of ASARCO.

(b) Certification of Tax Identification Number Prior to closing, ASARCO shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate forms W-9 or W-8 and other forms and documents that the Escrow Agent may reasonably request. The Parties understand that if such tax reporting documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Agreement.

(c) Tax Allocation To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of funds held or payments made hereunder, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Property. ASARCO and the Subsidiary Debtors agree to indemnify and hold the Escrow Agent harmless from and against any taxes, additions for late payment, interest, penalties and other expenses that may be assessed against the Escrow Agent on or with respect to any payment or other activities under this Agreement unless any such tax, addition for late payment, interest, penalties and other expenses shall arise out of or be caused by the actions of, or failure to act by, the Escrow Agent.

1.05 Termination:

Upon joint written instructions of the Parties, through their Counsel, or by an Order of the Bankruptcy Court, that this Escrow Agreement should be terminated, all of the Escrow Funds held by the Escrow Agent pursuant to the terms of this Escrow

Agreement, shall be paid by Escrow Agent to the person or persons designated in such joint written instructions or as directed by an Order of the Bankruptcy Court, and all obligations of Escrow Agent hereunder shall terminate effective on the date provided in the joint written instructions or Order of the Bankruptcy Court.

Article 2: Compensation of the Escrow Agent

The Escrow Agent shall be entitled to compensation for its services according to the schedule attached hereto as Appendix A. The Escrow Agent may deduct from the Escrow Property its fee upon funding of the escrow account. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by the Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under the Escrow Agreement are not fulfilled, or the Escrow Agent renders any material service not contemplated in the Escrow Agreement, or there is any assignment of interest in the subject matter of the Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation pertaining to the Escrow Agreement, or the subject matter hereof, then the Escrow Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorney's fees, occasioned by any delay, controversy, litigation or event, and the same shall be recoverable from the Escrow Property, upon agreement of the Parties and the Escrow Agent or order of a Court of competent jurisdiction. If escrow fees, expenses or indemnification obligations are not paid within 30 days, the Escrow Agent in its sole discretion, may deduct its fees for such amounts from the interest earned on the Escrow Property or from amounts that have become payable to ASARCO hereunder.

Article 3: Provisions Concerning Escrow Agent

3.01 Authority of Parties:

The Escrow Agent shall be under no duty or obligation to ascertain the identity, authority, and/or rights of any of the Parties, or their agents.

3.02. Waiver of Setoff:

Except as specifically set forth in Article 2 above, the Escrow Agent expressly waives, and agrees not to assert, any right(s) of setoff it may have to or against the funds in the Escrow Account.

3.03 Other Agreements:

The Escrow Agent shall not be a party to, or bound by, any agreement between the Parties other than this Agreement whether or not a copy and/or original of such agreement is held as Escrow Property; and, the Escrow Agent shall have no duty to know or inquire as to the performance or nonperformance of any provision of any such agreement between the Parties.

3.04 Deposited Instruments and/or Funds:

The Escrow Agent assumes no responsibility for the validity or sufficiency of any instrument held as Escrow Property, except as expressly and specifically set forth in this Agreement. The Escrow Agent will under no circumstances be deemed to be a fiduciary to the Parties or any other person.

3.05 Late Payments or Performance:

The Escrow Agent may accept any payment or performance required under this Agreement after the date such payment or performance is due, unless subsequent to such date, but prior to the actual date of payment or performance, the Escrow Agent is instructed in writing by Counsel for each of the Parties, jointly, not to accept such payment or performance.

3.06 Escheat:

The Parties are aware that under Texas law, Escrow Property which is presumed abandoned may escheat to the State. The Parties do not intend for the Escrow Property to be abandoned or escheated to the State. The Escrow Agent shall notify the Parties in writing through their Counsel 120 days prior treating the Escrow Property as being abandoned and escheatable to the State by operation of law. The Escrow Agent shall have no liability to the Parties, their respective heirs, legal representatives, successors, and assigns, should any or all of the Escrow Property become escheatable or escheat by operation of law.

3.07 Non-Liability:

The Escrow Agent shall not be liable for any act or omission while acting in good faith and without gross negligence. Any act or omission by the Escrow Agent pursuant to the advice of its attorneys shall be conclusive evidence of such good faith and lack of gross negligence. Whenever any question arises concerning the Agreement, the Escrow Agent shall incur no liability for any delay reasonably

required to obtain such advice of counsel. The Escrow Agent shall not be liable for the alteration, modification or elimination of any right permitted or given under the joint instructions set forth in Section 1.02 and/or in any document deposited under the Agreement pursuant to any Statute of Limitations or by reason of laches. The Escrow Agent shall have no further responsibility or liability whatsoever to the Parties following a complete distribution of the Escrowed Property pursuant to this Agreement. The Escrow Agent shall not incur any liability with respect to any act or omission in reliance upon any document, including any written notice or instruction provided for in the Escrow Agreement. In performing its obligations hereunder, the Escrow Agent shall be entitled to presume, without inquiry, the due execution, validity and effectiveness of all documents it receives, and also the truth and accuracy of any information contained therein. The Escrow Agent shall not be responsible or liable for any diminution of principal of the Escrowed Property or any interest penalty, whatsoever, for any reason. The Escrow Agent will never be required to advance its own funds or incur personal financial liability in performing its duties under this Escrow Agreement. The Escrow Agent shall have only those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and shall under no circumstance be deemed a fiduciary for any of the parties to this Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith. This Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred from the terms of this Agreement or any other Agreement. IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

3.08 Disagreements:

If any disagreement or dispute arises between the Parties concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Agreement, the Escrow Agent:

- a. Shall be under no obligation to act, except under process or order of court, or until it has been adequately indemnified to its full satisfaction, and shall sustain no liability for its failure to act pending such process, court order or indemnification; and
- b. May, in its sole and absolute discretion, interplead the Escrow Property or that portion of Escrowed Property it then holds in the United States Bankruptcy

Court for the Southern District of Texas, Corpus Christi Division (*In re ASARCO LLC, et al.*, Case No. 05-21207), and name each of the Parties in such interpleader action. Upon filing the interpleader action, the Escrow Agent shall be relieved of all liability as to the Escrowed Property and shall be entitled to recover from the Parties, its reasonable attorneys' fees and other costs incurred in commencing and maintaining such action from the Escrowed Property. The Parties, by signing this Agreement submit themselves to the jurisdiction of such court. In no event shall the institution of such interpleader action impair the rights of the Escrow Agent described elsewhere in this Agreement.

3.09 Indemnification:

The Parties, both jointly and severally, hereby indemnify and hold harmless the Escrow Agent from and against, any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees, which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Escrow Agreement or any transaction to which this Escrow Agreement relates, unless such loss, liability, cost, damage or expense has been finally adjudicated to have been primarily caused by the gross negligence or willful misconduct of the Escrow Agent. Such indemnification and release shall survive the Escrow Agent's resignation or removal, or the termination of this Escrow Agreement.

Article 4: General Terms and Conditions

4.01 Extension of Benefits:

This agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective heirs, legal representatives, successors, and assigns of all of the Parties and the Escrow Agent. The foregoing notwithstanding, no assignment of the interest of any of the parties hereto shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be delivered to and acknowledged by the Escrow Agent.

4.02 Governing Law:

This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

4.03 Notices:

All notices, requests, demands, and other communications required under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given on the date such notice is deposited in the United States mail. If any notice is personally delivered, it shall be deemed given upon the date of such delivery. If notice is given to a party, it shall be mailed or delivered to the addresses set forth below. It shall be the responsibility of each of the Parties to notify the Escrow Agent in writing of any name or address changes.

If to ASARCO:

Baker Botts L.L.P.

2001 Ross Avenue

Dallas, Texas 75201

Attn: Jack Kinzie, James R. Prince

Phone: 214.953.6500

Fax: 214.953.6503

If to the Subsidiary Debtors:

Jordan, Hyden, Womble & Culbreth, P.C.

500 North Shoreline Boulevard

Suite 900

Corpus Christi, Texas 78471-1013

Attn: Shelby A. Jordan, N. Peter H. Holzer

Phone: 361.884.5678

Fax: 361.888.5555

If to the Subsidiary Committee:

Stutzman, Bromberg, Esserman & Plifka, P.C.

2323 Bryan Street

Suite 2200

Dallas, Texas 75201

Attn: Sander L. Esserman

Phone: 214.969.4910

Fax: 214.969.4999

If to Escrow Agent:

Wells Fargo Bank, National Association
1445 Ross Avenue, 2nd Floor, MAC T5303-022
Dallas, Texas 75202
Attention: Amy C. Perkins
Telephone: 214.740.1315
Facsimile: 214.777.4086

4.04 Entire Agreement:

This Agreement sets forth the entire agreement and understanding of the Parties hereto.

4.05 Amendment:

This Agreement may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by each of the Parties or their Counsel and the Escrow Agent.

4.06 Waivers:

The failure of any party to the Agreement at any time or times to require performance of any provision under this Agreement shall in no manner affect the right at a later time to enforce the same performance. A waiver by any party to the Agreement of any such condition or breach of any term, covenant, representation, or warranty contained in this Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or breach of any other term, covenant, representation, or warranty contained in this Agreement.

4.07 Headings:

Section headings of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions of this Agreement.

4.08 Counterparts:

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument

4.09 Resignation or Removal of Escrow Agent:

The Escrow Agent may resign at any time by furnishing written notice of its resignation to each of the Parties. The Parties may remove the Escrow Agent at any time by furnishing to the Escrow Agent a joint written notice of its removal. Such resignation or removal, as the case may be, shall be effective upon delivery of such notice. If the other parties hereto have failed to appoint a successor prior to the expiration of thirty (30) calendar days following receipt of the notice of resignation or removal, the Escrow Agent may appoint a successor or may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

ASARCO, LLC

By: _____
Its: _____

Capco Pipe Company, Inc.

By: _____
Its: _____

Lac D' Amiante Du Québec Ltd

By: _____
Its: _____

Official Committee of Unsecured Creditors of
Lac D' Amiante Du Québec Ltd and Capco Pipe Company, Inc., et al.

By: _____
Its: _____

Wells Fargo Bank, National Association, as Escrow Agent

By: _____
Its: _____

EXHIBIT A

Certificate As To Authorized Signatures

[EXECUTE ONE FOR EACH PARTY TO THE ESCROW]

Re: ASARCO, Capco/LAQ Debtors and Unsecured Creditors Committee of Subsidiary Debtors Escrow (LMI Settlement)	
Account Number(s):	and all subaccounts thereof
<p>The undersigned hereby certifies that he/she is duly authorized to execute the foregoing Escrow Agreement on behalf of _____, a _____, hereby certifies that he/she has been duly authorized to deliver instructions and directions to WELLS FARGO BANK NATIONAL ASSOCIATION pursuant to the Escrow Agreement, that WELLS FARGO BANK NATIONAL ASSOCIATION is entitled to rely on this Certificate and that the specimen signatures shown below are the specimen signatures of the individuals authorized to initiate and approve transactions of all types for the above mentioned account:</p>	
Name / Title	Specimen Signature
_____ Name and Title	_____ Signature
_____ Name and Title	_____ Signature
_____ Name and Title	_____ Signature
_____ Name and Title	_____ Signature
Dated:	