1992 ANNUAL REPORT

ASARCO

CONTENTS

Asarco is one of the world's leading producers of nonferrous metals, principally copper, lead, zinc, silver and gold. Asarco also produces specialty chemicals, minerals and other industrial products and provides environmental services. Asarco has substantial interests in three mining companies: a 17.4% stake in M.I.M. Holdings Limited (MIM) in Australia, a 52.3% interest in Southern Peru Copper Corporation (SPCC), and a 28.3% holding in Mexico Desarrollo Industrial Minero, S.A. de C.V. (MEDIMSA).

Asarco or its associated companies operate mines in the United States, Australia, Mexico and Peru. Asarco and its associated companies together in 1992 accounted for about 13% of western world mine production of copper, 12% of silver, 14% of lead and 9% of zinc.

Cover: Asarco achieved its strategic objective in 1992 of integrating its nonferrous metals business, having once been principally a custom smelter and refiner of ores and concentrates. Pictured on the cover are elements that represent the raw materials and finished products of an integrated mining company. These elements include a geologic map for exploration, the metal-bearing ores mined from the earth and refined copper, lead, silver and gold. Shown in the lower right-hand corner is a one-ounce coin struck from Asarco silver.

All tonnages in this annual report are expressed in short tons. All ounces are troy ounces. Dollar amounts are expressed in U.S. dollars unless otherwise indicated. "Asarco" or "the Company" includes Asarco and its consolidated subsidiaries.

FINANCIAL HIGHLIGHTS

(IN MILLIONS, EXCEPT PER SHARE, EMPLOYEE AND STOCKHOLDER AMOUNTS)

FOR THE YEAR ENDED	1992*	1991
Sales	$1,908.5	$1,911.8
Operating income (loss)	$ (41.8)	$ 61.1
Net earnings (loss)	$ (83.1)	$ 46.0
Net earnings (loss) per common share	$ (2.01)	$ 1.12
Dividends per common share	$ 0.80	$ 1.60
AT YEAR-END		
Assets	$2,945.9	$2,953.8
Total debt	$ 868.8	$ 801.6
Common stockholders' equity	$1,357.5	$1,474.8
Common shares outstanding	41.5	41.2
Book value per common share	$ 32.74	$ 35.75
Common stockholders	11,000	12,300
Employees	8,900	9,100

*Results for the year include an after-tax provision of $122.1 million, which comprises $56.0 million in costs for the adoption of Statement of Financial Accounting Standards 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions", a $44.0 million charge for environmental costs, and a $21.1 million charge for the reduction in carrying value of certain facilities.

In 1992, Asarco recorded a substantial charge to earnings to adopt a new accounting standard for postretirement benefits, to add to the Company's reserve for environmental costs and to write off certain facilities which will not be used following installation of new technology.

Prior to giving effect to this special provision, the Company's earnings declined about 15% from 1991 levels. This difference is accounted for by the decline in price of several of the Company's principal metals: copper, silver, and gold. There were, of course, other differences between the two years that reflect the changes we are making in the business and the problems we have sometimes encountered in that process.

The most significant of these changes has involved the strategy begun seven years ago of restructuring Asarco from a custom smelter and refiner into an integrated copper and lead mining company. By the end of 1992, we had nearly completed that process. In doing so we have invested $1.3 billion in the acquisition and development of ore reserves and operating properties.

The Company's copper ore reserves have been expanded eight fold during this period and its copper mining production capacity quadrupled. In 1992, with the completion of the expansion projects at the Mission and Ray mines in Arizona, the Company became self sufficient in the supply of copper concentrates to its smelters. As recently as 1985, the Company supplied only 25% of its copper concentrate requirements from internal sources.

Similarly in lead, the Company's ore reserve position has doubled in the last seven years and it now supplies 80% of the lead concentrates for its Glover, Missouri, smelter from its own mines.

The major remaining step in this strategic development program is completion of the modernization and expansion of the El Paso, Texas, copper smelter. This project is scheduled for commissioning in the first quarter of 1993.

Expansion projects at the Mission mine have more than doubled production capacity since 1985 and at Ray the production capacity has been increased by two-thirds since it was acquired in late 1986. The start-up of the most recent and most significant phases of these expansions occurred in 1992. They were not trouble free.

At Mission, we began mining in an area where the ore is hard and the grade low. It was not until midyear that we developed new techniques to treat the hard ore and the mining plan had progressed to where higher grades were available. We lost about 28 million pounds of copper production during this period.

In a similar way equipment start-up problems and severe weather at the Ray mine caused a 12-million-pound shortfall in copper production.

These production shortfalls offset most of the benefit in 1992 of the increased production volume which became available from the expansion projects. In the future, as we resolve these problems, the Company's earnings should benefit in a significant way from the increased production capacity now available.

Some of the weather-related problems which affected the Ray mine in 1992 continued into the early part of the new year. Normal rainfall at Ray is about 17 1/2 inches a year. In 1992, 36 inches fell at the property, eight inches in December alone. In the early part of January 1993, another 14 inches were recorded at the mine. As a consequence, mining operations at Ray and milling operations at the Hayden, Arizona, concentrator were disrupted.

The learning process for new projects and the effects of nature on existing ones are part of the mining business. They make it interesting, but they also make it unpredictable.

MANAGEMENT COMMITTEE

From left to right, front to back, at the site of the new furnace at the El Paso, Texas, copper smelter.

George W. Anderson, Francis R. McAllister, Augustus B. Kinsolving, Richard de J. Osborne, Robert M. Novotny, John R. Corbett, James J. Kerr, Robert J. Muth, Robert J. Kupsch, Kevin R. Morano*, Robert J. Bothwell, Jr.

**Kevin R. Morano becomes vice president, finance and chief financial officer and will join the management committee on May 1, 1993.*

The other big variable in the mining business is the market. While strong growth in worldwide copper consumption has provided good support for the copper price, the prices of lead and silver have not been as favorable. The low price of silver, particularly, led to our decision to shut down current mining operations at the Galena silver mine in Idaho. It is being held on a care-and-maintenance basis as is the nearby Coeur mine which was shut in 1991. In February 1993, we decided that we should also shut down temporarily, the Troy, Montana, silver-copper mine. Low prices for lead and silver also affected operations at our East Helena, Montana, lead smelter and our Omaha, Nebraska, refinery. These are the only smelting and refining plants left in the Asarco system which rely on ores and concentrates produced by others for their feed stock. The closure of a number of lead, zinc and silver mines in the United States, Mexico and Peru is limiting the availability of such material for these plants.

We have also been seeking ways to increase the cash return from some of our major investments outside of the United States. We made good progress in 1992 with Southern Peru Copper Corporation (SPCC), a company 52.3% owned by Asarco.

Following the resolution in late 1991 of a long standing dispute between SPCC and the Government of Peru, discriminatory tariffs, exchange rates, taxes and other practices were ended and a program of regular cash distributions to SPCC shareholders began. In December 1991, $60 million was distributed to shareholders, $31 million of that amount to Asarco. Three quarterly dividends, aggregating $15 million were paid in 1992, $8 million to Asarco. SPCC operations were normal in 1992 and cash moved freely in and out of the country. SPCC also began its $300 million, 5-year investment program committed as part of the 1991 agreement with the government. Loan commitments for $70 million have so far been received to support these investment projects. SPCC is seeking a total of $150 million of finance. This level of financing should assure that a share of earnings can continue to be paid out to the shareholders as dividends.

M.I.M. Holdings Limited, Asarco's 17.4% owned associated company in Australia, made good progress in its program to reduce costs and improve productivity. M.I.M.'s earnings improved in fiscal 1992, ended June 30, and it paid out 65% of earnings as dividends. Asarco's share was $9 million.

We continued to work on our program to generate cash from our investment in Mexico Desarrollo Industrial Minero, S.A. de C.V., in which we own a 28.3% interest. We have not been successful to date in finding a buyer for this investment, but we are still actively seeking an alternative which will produce a better cash return.

I referred at the beginning of this letter to the $122 million special charge to earnings made in 1992. The requirement to account for postretirement benefits (SFAS 106) on an accrued-liability basis accounted for $56 million of the charge.

With the completion of the expansion and modernization project at El Paso, now planned for early 1993, we considered it appropriate to reduce the carrying value of certain assets which will not be used following completion of this project. Of the charge, $21 million relates to the write-down of these and certain other facilities.

I have made note each year in this letter of the legacies which a ninety-three-year-old company, like Asarco, carries with it. These legacies are derived from an era when environmental perceptions, regulations and laws were different and available control technologies were less effective than they are today. The remaining $44 million of the special earnings provision was to add to the Company's reserve to meet its future environmental obligations. As a result of developments during 1992, the Company is now able to estimate with the requisite accounting certainty, a substantial portion of the anticipated cost at the sites in which it is now involved. At year end 1992, the Company had a pretax reserve balance of $141 million on its books for future environmental obligations.

Having restructured Asarco into an integrated mining, smelting and refining company in copper and lead, we will now turn our attention to reorganizing management to better reflect the new operating structure and to improving the day-to-day operations. Capital spending, which has totaled more than $850 million in the last five years, will be reduced in 1993 to about $120 million and the process of reducing our level of debt towards our long-term objective of 25% of total capitalization will begin.

We have changed the culture at Asarco in a very fundamental way in recent years. Additional steps aimed at integrating our mining, smelting and refining operations will be completed in the second quarter of 1993. At that time, we will combine the operating management of our metals businesses under two senior executives, one responsible for copper operations and the other for lead, zinc, silver and mineral operations. These changes will complete the process begun two years ago of pushing the day-to-day operating responsibilities down a level in our already quite flat organization.

In this environment of change and continuous improvement, our people at all levels are adapting well and performing superbly.

The Board of Directors joins me in thanking you, our shareholders, for your support during this period of rapid change and restructuring. We believe our strategy has been sound, that our properties are good and that the payoff for shareholders will become increasingly evident in the years ahead.

For the Board of Directors,

Richard de J. Osborne
Chairman of the Board
February 19, 1993

METALS: COPPER

Asarco's mine production of copper rose 24% in 1992, compared with 1991. The higher production reflected the completion of the expansion projects at the Arizona mines. The projects were completed at Mission in late 1991 and Ray in early 1992. Smelter production rose 9%, reflecting the second consecutive year of record production at the Hayden smelter in Arizona and higher production at El Paso. In 1992, the Company became self sufficient in the supply of copper concentrates from its mines to its smelters. Asarco realized an average price for copper of $1.04 per pound in 1992, 3% below the $1.07 a pound it realized in 1991.

Results of the copper operations were adversely affected in 1992 by a decline in prices and lower-than-planned throughput at the mines, which resulted from start-up difficulties with the expansion projects and weather-related problems. New techniques were developed in mid-1992 to address the harder ores encountered at the Mission mine during the year. In 1992, the Ray mine implemented programs to address the effects of the heavy rains. Construction of the new CONTOP furnace at the El Paso, Texas, copper smelter began in May 1992 following receipt of a final permit. Start up of the furnace is expected in early 1993. In late 1992, the Company announced that effective in May 1993, all copper operations will be organized under a single manager with headquarters in Tucson, Arizona.

Western world consumption of copper grew 1.3% to 10.0 million tons in 1992, the seventh consecutive year of record growth. Consumption grew 7.7% in the United States, 1.8% in Europe and declined 11.5% in Japan.

Western world output of refined copper grew 4.7% to 9.8 million tons. The growth reflected a 1.7% increase in mine production from Chile, Indonesia and the United States and the conversion of previous accumulations of copper concentrates into refined form.

Net east-west trade added 310,000 tons of refined copper to western world supply. Exports to the west of 325,000 tons from the Commonwealth of Independent States and 285,000 tons from Poland were partially offset by Chinese imports of 300,000 tons, resulting in a surplus in supply of 137,000 tons in 1992.

Total copper in the hands of producers, consumers and terminal markets rose to a five and a half-week supply at the end of 1992, compared with five weeks in 1991. Total stocks remained low by historical standards.

Consumption of copper is expected to increase by 2.5% in 1993 to 10.25 million tons as western world economies continue to recover from their recessionary lows. Production is expected to rise 1.5% in 1993 to 9.9 million tons.

COPPER OPERATIONS

	Asarco Interest (%)	Production (Contained Metal in 000s tons) 1992	1991	1990
MINE				
Mission	100.0	**103.2**	88.5	79.8
Ray	100.0	**165.1**	117.3	121.8
Continental	49.9	**52.4**	50.4	40.9
Others		**17.7**	23.7	23.9
Total		**338.4**	279.9	266.4
Asarco Share		**308.4**	249.4	240.5
SMELTER				
El Paso	100.0	**107.9**	105.9	103.8
Hayden	100.0	**208.4**	184.7	181.5
Total		**316.3**	290.6	285.3
REFINERY				
Amarillo	100.0	**467.2**	450.2	441.5
Ray (SX/EW)	100.0	**42.2**	42.6	40.9
Total		**509.4**	492.8	482.4

COPPER RESERVES

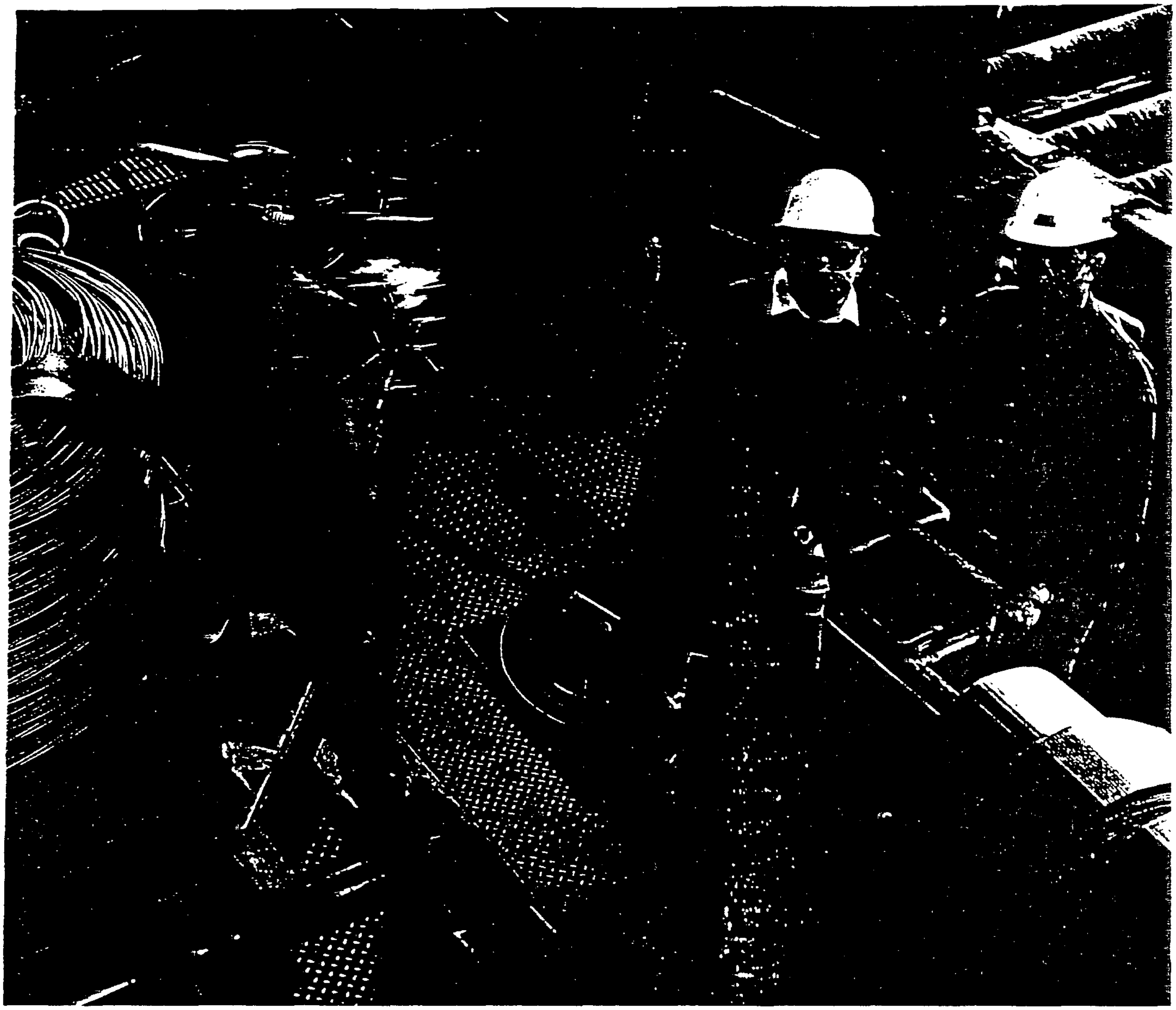
	Mineral Reserves at 12/31/92 (tons in millions)	Grade (%)
MINE		
Mission	565	0.67
Ray	1,120	0.63
Continental	356	0.30

SAFETY

Jimmy L. Bales, general manager of the Eastern Mining Department, oversees the operations of four underground zinc mines near Knoxville, Tennessee.

Safety is a way of life in the mining business. It is also a team effort. We spend a great deal of time and attention at Asarco on employee safety. We emphasize the importance of safety at regularly scheduled classes and drills. We have a company-wide program that recognizes the safest operations. Our people appreciate that good safety is good business. At Asarco safety is a company-wide commitment that begins at the top.

Jimmy L. Bales



CUSTOMER SERVICE

Curtis F. Bates (center), general manager of the Southwestern Copper Division, oversees the El Paso, Texas, smelter and the Amarillo, Texas, refinery. Mr. Bates and Micheal D. Owsley (right), Amarillo plant manager, are shown at the copper rod line operation.

When we ask our customers what they think good service is, they answer that they want a quality product, delivered on time, at a fair price. Our goal is to make sure this happens. At the Asarco copper refinery in Amarillo, Texas, we produce more than 460,000 tons of copper annually in the form of cathode, rod, cake and billet. Every order of copper is different in terms of shapes, sizes and quantity. The way in which we respond to the customer, however, is the same. We listen carefully and provide what the customer wants promptly. Our employees share a common goal of providing the highest quality products and support to our customers. To me, that is what good service is all about.

Curtis F. Bates

Asarco's mine production of lead rose 2% in 1992, compared with 1991. Asarco began development of the south ore body at the Sweetwater mine in 1992. The Company's Missouri Lead business increased the supply of concentrates from its own mines to its smelter to 80% in 1992. The Glover smelter/refinery had record production in 1992. The Company's custom smelting and refining circuit in East Helena, Montana, and Omaha, Nebraska, was adversely affected in 1992 by the closure of a number of polymetallic lead-zinc-silver mines in the United States, Mexico and Peru, which limited the availability of high-value lead concentrates. Asarco realized an average price of 26 cents for lead in 1992, the same as in 1991.

In late 1992, the Company also announced that effective in May 1993, all of its lead, zinc, silver and mineral operations will be organized under a single manager, with headquarters in New York.

Western world consumption of lead declined .3% to 4.95 million tons in 1992. Consumption declined .5% in the United States, 3.5% in Europe and 3.4% in Japan. In 1992, 84% of U.S. consumption of lead and 63% of western world consumption was in automobile batteries.

Western world supply of refined lead increased .2% to 4.9 million tons in 1992, compared with 1991. Production in the U.S. declined by 3% to 1.3 million tons, reflecting lower mine output. Net exports of 90,000 tons from the former Socialist Bloc to the west caused a supply surplus of 15,000 tons in 1992.

Refined lead in the hands of western world producers, consumers and the terminal markets at the end of 1992 rose to the equivalent of about seven weeks of supply, compared with five weeks in 1991.

Western world consumption of lead in 1993 is expected to remain at the same 5.0 million-ton level as in 1992. Production of lead, however, is expected to decline by 170,000 tons because of lower mine and secondary production, and despite a continued flow of metal from the Commonwealth of Independent States, inventories are expected to decline in 1993.

LEAD OPERATIONS

	Asarco Interest (%)	Production (Contained Metal in 000s tons)		
		1992	**1991**	**1990**
MINE				
Leadville	52.5	**6.1**	6.4	5.4
Sweetwater	100.0	**50.9**	49.9	34.5
West Fork	100.0	**56.2**	54.5	56.5
Others		**4.1**	5.6	5.8
Total		**117.3**	116.4	102.2
Asarco Share		**113.6**	111.7	98.1
SMELTER				
East Helena	100.0	**71.6**	72.7	68.7
Glover	100.0	**130.1**	129.5	122.6
Total		**201.7**	202.2	191.3
REFINERY				
Glover	100.0	**130.1**	129.5	123.1
Omaha	100.0	**75.0**	78.5	66.9
Total		**205.1**	208.0	190.0

LEAD RESERVES

	Mineral Reserves at 12/31/92 (tons in millions)	Grade (%)
MINE		
Leadville	0.7	3.78
Sweetwater	20.8	4.93
West Fork	7.3	5.65

Asarco's mine production of zinc rose 1% in 1992. Results of the zinc operations improved in 1992 due to the higher price. The average price of a pound of zinc on the LME increased 10% to 56 cents, compared with 51 cents per pound in 1991. The Company placed the zinc mines in Tennessee on a seven-day schedule from five days in the first quarter of 1992. The schedule and the purchase of new mine equipment for the mines are expected to increase production and improve productivity in 1993.

Western world zinc consumption declined .5% in 1992 to 5.9 million tons. Consumption in the United States rose 12% and declined 3.1% in Europe and 8.2% in Japan. Recovering automotive and construction markets in the U.S. were the major factors in higher U.S. consumption.

On the supply side, western world production of slab zinc was 5.9 million tons in 1992, the same as in 1991. Production and consumption of zinc were in balance in 1992. Because of exports by the Commonwealth of Independent States, the zinc market experienced a supply surplus of 225,000 tons. Reported stocks in 1992 increased to the equivalent of a nine-week supply, from six weeks in 1991.

Western world zinc consumption is expected to rise 3% in 1993. Western world supply of slab zinc is expected to decline about 1% in 1993 because of production cutbacks in 1992.

ZINC OPERATIONS

	Asarco Interest (%)	Production (Contained Metal in 000s tons)		
		1992	1991	1990
MINE				
Leadville	52.5	**16.3**	14.8	14.2
Missouri mines	100.0	**15.3**	15.7	19.2
Tennessee	100.0	**74.9**	73.9	69.5
Quiruvilca-Peru	80.0	**13.6**	15.0	16.9
Total		**120.1**	119.4	119.8
Asarco Share		**109.6**	109.0	109.3

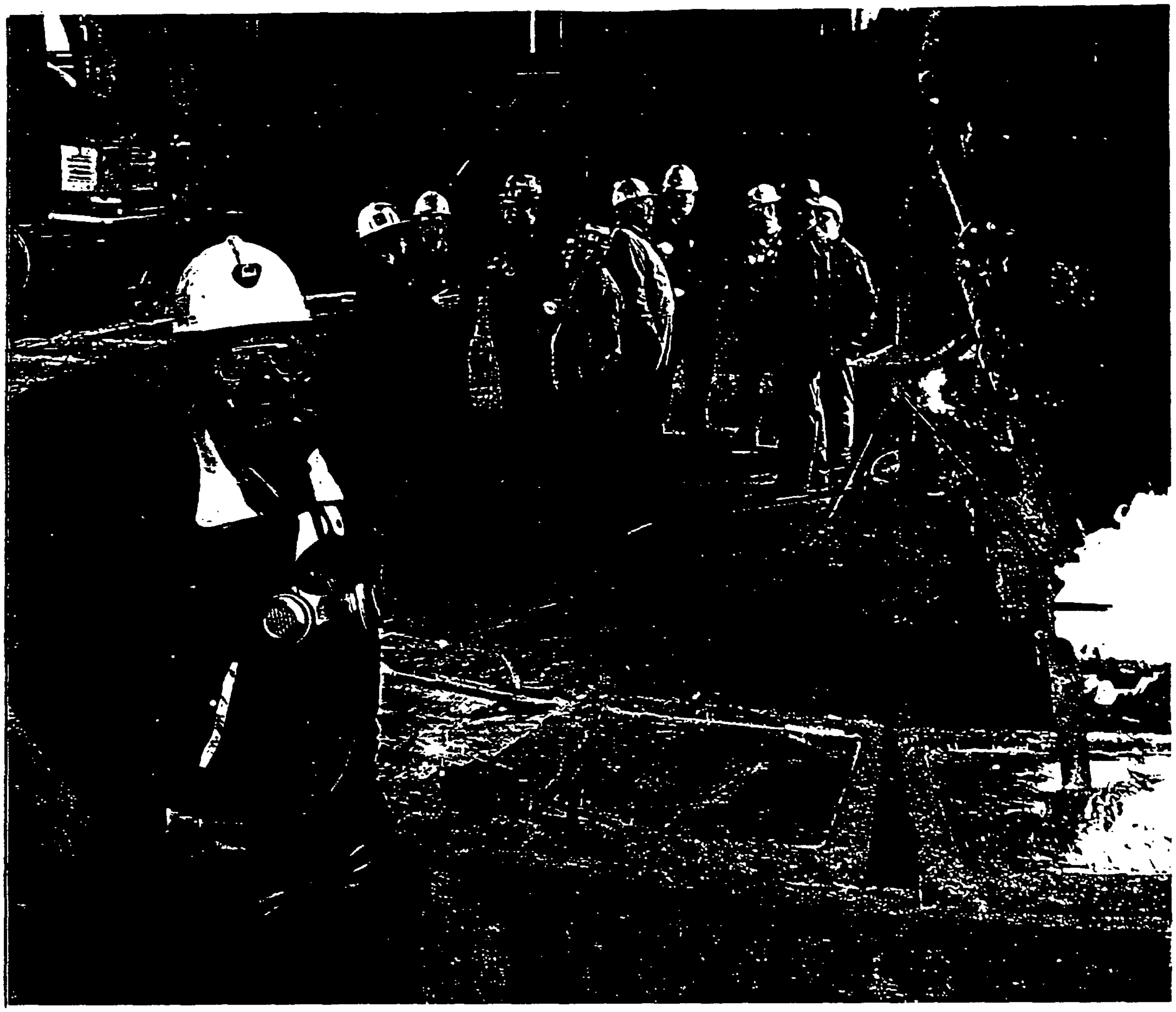
ZINC RESERVES

	Mineral Reserves at 12/31/92 (tons in millions)	Grade (%)
MINE		
Leadville	0.7	8.10
Missouri mines	28.2	0.83
Tennessee	5.5	3.22
Quiruvilca-Peru	5.4	4.24

Robert M. Novotny (left), vice president, operations, is shown above with W. Hoyl Gill, president of Asarco's American Limestone Company subsidiary, at the Forks of the River Quarry outside of Knoxville, Tennessee.

We believe that all operations and activities of Asarco should be conducted responsibly and in a manner designed to protect the health and safety of employees, customers, the public and the environment. Our objective is not only to comply with existing laws, but to support other activities that contribute to environmental protection, responsible resource management and the safety and well-being of our employees, customers and local communities. We have a formal Environmental, Safety and Health Policy, which we take seriously. We are committed to responsible management of the natural resources entrusted to our care.

Robert M. Novotny



EMPLOYEE INVOLVEMENT

Terry E. Erskine, general manager of the Missouri Lead Division, heads the Company's integrated lead business, including two lead mines and a smelter/refinery complex.

Continuously improving our business requires everyone's involvement. At the Asarco Missouri Lead Division the employees make a difference by contributing their knowledge and experience to the process of making lead. Employees work in teams at the Glover smelter/refinery and the Sweetwater and West Fork mines to identify problems and come up with solutions that result in measurable improvements. The collective commitment and teamwork of our people is represented in Asarco's quality statement, which was formulated by our employees and adopted in early 1992. The essential principles of the Asarco quality statement include commitment to continuous improvement, employee involvement, safety, environmental concern and customer satisfaction. The principles, together, add up to empowering people to get the job done and done well.

Terry E. Erskine

Asarco's mine production of silver declined 25% in 1992, as a result of the temporary closure of the northern Idaho-based Coeur mine in 1991 and Galena mine in mid-1992. In mid-February 1993, the Company announced the temporary closure of its Troy silver-copper mine near Libby, Montana, in mid-April 1993. Results of the silver operations in 1992 were also affected by the low price. Asarco's average realized price for silver declined 3.6% to $3.97 per ounce, compared with $4.12 in 1991.

Western world industrial silver consumption increased 1.3% to 550 million ounces in 1992. It was the seventh consecutive year of growth and the third consecutive year that industrial silver consumption exceeded supply. Consumption in the United States grew 1.9% to 121 million ounces. The photographic industry accounted for about 54% of industrial consumption in the U.S. and 40% in the western world.

On the supply side, western world output of newly mined and recycled refined silver in 1992 increased .1% to 495 million ounces. Visible refined stocks of silver at year-end 1992 were 275 million ounces, equal to a 26-week supply, compared with a 30-week supply in 1991.

The price of silver often reflects speculative interest as well as market fundamentals. Because of the very substantial buildup in stocks of silver in the 1980's, a recovery may take several more years of inventory reductions before investor interest returns to the market. If current trends in industrial consumption of silver continue and the substantial number of mines that have closed in the last two years remain closed, the cumulative supply built up over the last 10 years is expected to be consumed before the end of the decade.

SILVER OPERATIONS

	Asarco Interest (%)	Production (Contained Metal in 000s troy ounces) 1992	1991	1990
MINE				
Coeur	50.0	–	381	2,113
Galena	37.5	**1,573**	3,279	3,066
Mission	100.0	**1,661**	1,366	1,324
Troy	75.0	**3,044**	3,950	3,793
Quiruvilca-Peru	80.0	**1,814**	2,454	2,400
Others		**1,636**	2,156	1,961
Total		**9,728**	13,586	14,657
Asarco Share		**7,013**	9,298	9,731
REFINERY				
Amarillo	100.0	**39,805**	32,107	36,272

SILVER RESERVES

	Mineral Reserves at 12/31/92 (tons in millions)	Grade (ounces/ton)
MINE		
Coeur	0.4	17.32
Galena	1.0	15.07
Mission	565.0	0.14
Troy	12.0	1.42
Quiruvilca-Peru	5.4	5.62

Asarco's mine production of gold declined 1% in 1992. Asarco's average realized price for gold declined 9.4% to $360.53 per ounce in 1992, compared with $397.85 in 1991.

Results of Asarco Australia Limited, the Company's 60%-owned subsidiary in Western Australia, were affected in 1992 by the lower gold price, heavy rains and low-grade ores from diminishing oxide ore reserves at the Wiluna mine. In 1992, Asarco Australia began construction of a bacterial oxidation plant to treat sulfide gold ore at its Wiluna mine. The new processing plant, which will start up in early 1993, is designed to treat 400,000 metric tons of sulfide ore annually. In early 1993, Asarco Australia announced that it discovered an extension to the sulfide mineralization at Wiluna as a result of a drilling program began in late 1992.

Western world gold consumption in 1992 was 81.3 million ounces, about the same as in 1991. The use of gold for jewelry accounted for 80% of western world consumption.

Western world supply of newly mined and recycled refined gold in 1992 increased 7% to 86.7 million ounces. Western world mine production of gold was 57.3 million ounces in 1992, about the same as in 1991.

GOLD OPERATIONS

	Asarco Interest (%)	Production (Contained Metal in 000s troy ounces)		
		1992	1991	1990
MINE				
Leadville	52.5	**13.7**	13.3	10.0
Wiluna-Australia	60.0	**74.4**	98.7	137.6
Jundee-Australia	60.0	**36.0**	12.8	–
Others		**0.7**	1.2	19.4
Total		**124.8**	126.0	167.0
Asarco Share		**74.0**	74.6	55.1
REFINERY				
Amarillo	100.0	**225.4**	195.2	295.4

GOLD RESERVES

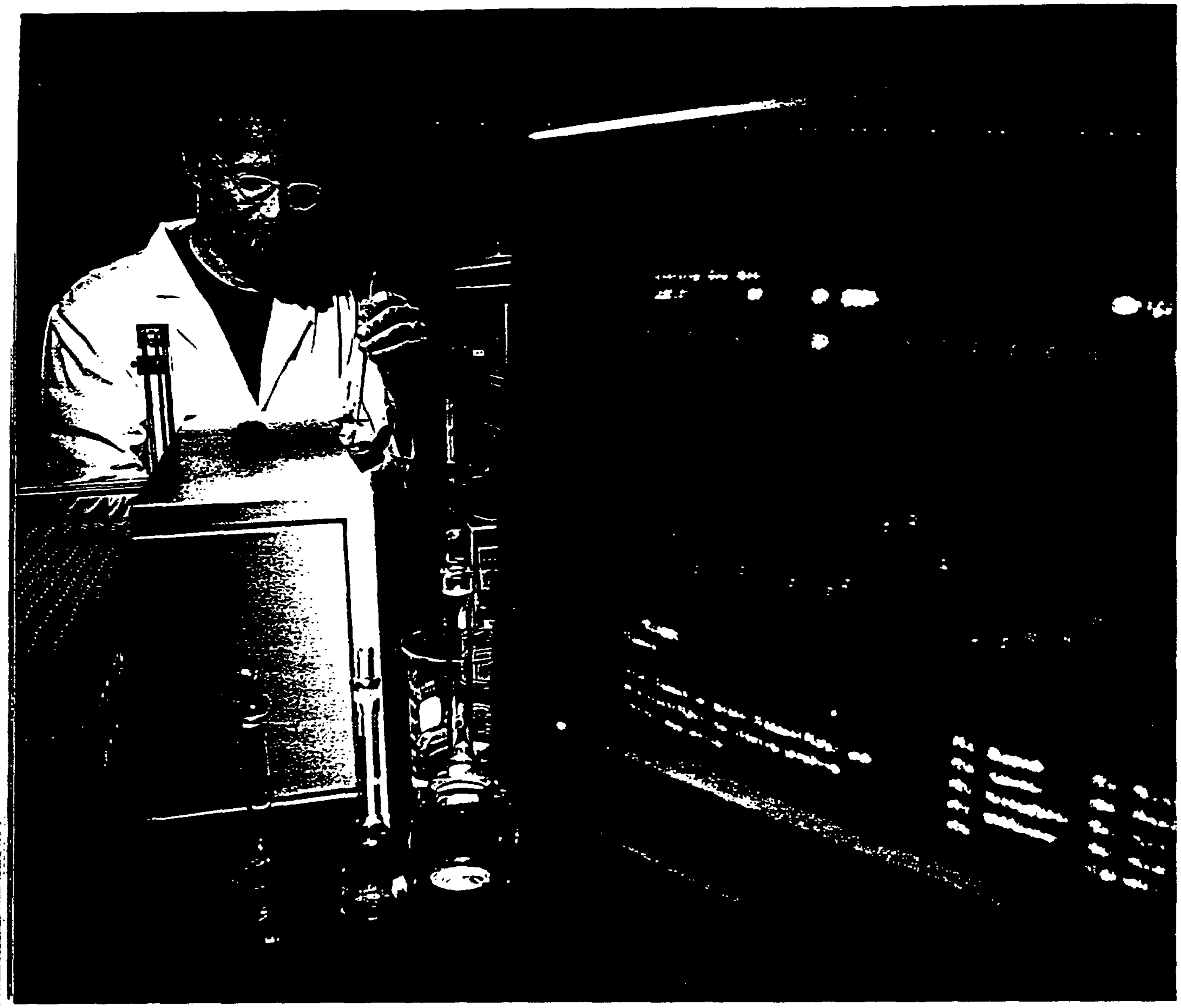
	Mineral Reserves at 12/31/92 (tons in millions)	Grade (ounces/ton)
MINE		
Leadville	0.7	0.07
Wiluna-Australia	3.4	0.13
Jundee-Australia	0.6	0.08

INVESTOR VALUATION

Richard de J. Osborne (right), Asarco chairman of the board, and Thomas J. Findley, Jr., treasurer, are shown in front of a drill at the Mission copper mine in Arizona during the recent tour of analysts.

Asarco's investor relations program consists of frequent communications with analysts and other members of the financial community. We meet regularly with investors individually and in groups. We hold quarterly meetings in New York and periodically in other domestic and international financial centers. In November 1992, Asarco hosted 90 analysts, bankers and journalists on a two-day tour of its Arizona-based, Mission and Ray copper mines and Hayden smelter. We know from experience that tours are one of the best ways for an analyst to understand and value Asarco. There is no substitute for meeting the people and seeing the properties which produce the Company's results. We value the open two-way communications which result from these frequent contacts with our shareholders.

Thomas J. Findley, Jr.



TECHNICAL SERVICES

Vince Keller, an environmental laboratory coordinator, is shown at Asarco's Technical Services Center in Salt Lake City, Utah.

Asarco's Technical Services Center provides in-house engineering, development, environmental and health resources to the Company's mines and plants. Among the many facilities available to the plants and mines, the Inductively Coupled Plasma (ICP) spectrometer shown above can simultaneously detect minute concentrations of up to 32 elements in solids and liquids. This instrument is used to evaluate the content of soils and water. The Technical Services Center uses a variety of technologically advanced computer-based instruments to assure high quality in the Company's processes and in the metals produced at the mines and plants.

SPECIALTY CHEMICALS

Asarco's wholly owned Enthone-OMI, Inc., subsidiary, produces specialty chemicals for surface treatment and plating of metals. It serves the electronics, automotive, aerospace and jewelry industries worldwide.

Enthone-OMI's earnings improved modestly in 1992. Operations in the United States were profitable in 1992, following a three-year period of rationalization. Operations in Asia were also profitable in 1992 and have been growing well for the last three years. Operations in Europe were not profitable in 1992 as markets weakened and specialty chemicals sales declined by 9%. In the fourth quarter of 1992, Enthone-OMI reorganized European operations and reduced costs by $4.4 million a year. When the European economies begin to recover, Enthone-OMI should have a growing, profitable specialty chemicals business in all regions of the world.

MINERALS

Asarco, through its subsidiary American Limestone Company, Inc., is a producer of agricultural limestone, concrete and construction minerals.

American Limestone had higher sales and earnings in 1992, compared with 1991, despite a soft regional construction market. The improved results were due to a 9% increase in sales of stone, concrete and agricultural limestone and reduced costs from operating improvements.

Asarco has significant investments in several leading nonferrous metal companies throughout the world.

Mexico Desarrollo Industrial Minero, S.A. de C.V., (MEDIMSA), owns companies in Mexico that produce copper, lead, zinc, silver, gold, coal, coke, fluorspar and sulfuric acid. MEDIMSA owns and operates thirteen mines and nine metallurgical plants. In 1992, Asarco did not exercise a $40 million option to purchase 16.7 million shares of MEDIMSA, effectively lowering its ownership interest to 28.3%. The option was held under a 1989 agreement with a bank which had provided financing for a MEDIMSA capital call.

In mid 1991, the Company announced that it was considering alternatives for its investment in MEDIMSA, including the sale of its shareholdings. Asarco stopped equity accounting for its investment in the second quarter of 1991. While Asarco has not been successful in finding a buyer for this investment, it is actively seeking an alternative which will produce a better cash return.

In the year ended September 30, 1992, MEDIMSA had earnings of $87.3 million, compared with $66.5 million in 1991. Sales were $876.6 million in 1992, compared with $830.0 million in 1991. MEDIMSA has not paid a dividend since 1988.

M.I.M. Holdings Limited (MIM), in Brisbane, Australia, produces copper, lead, zinc, silver, gold and coal. It also has interests in metals companies in Europe and North America. Asarco owns 17.4% of MIM and accounts for its investment on the cost basis.

MIM made good progress in 1992, in its program to reduce cost and improve productivity. Earnings during MIM's last fiscal year were A$106, including A$46 million in asset sales. MIM paid dividends of A$69 million, representing 65% of earnings. For the calendar year 1992, MIM paid $9 million of dividends to Asarco.

Southern Peru Copper Corporation (SPCC) owns and operates two copper mines and a smelter. It also produces silver and molybdenum. Asarco owns 52.3% of SPCC and accounts for its investment on the cost method.

SPCC made good progress in 1992. In late 1991, following the end of a long-standing dispute with the Government of Peru, SPCC began a program of regular cash distributions. In 1992, regular quarterly dividends aggregating $15 million for the year were paid, $7.8 million to Asarco. The year 1992 was SPCC's first full year of operations since the resolution of the dispute with the government. After-tax earnings were $45.6 million, compared with a $0.4 million loss in 1991, despite lower copper prices.

SPCC is in the first year of a 5-year, $300 million investment program, including $100 million for environmental control, $100 million for solvent-extraction/electrowinning projects and $100 million for equipment modernization. SPCC is seeking a total finance package of $150 million and $70 million of loan commitments have been received to date. This level of financing should assure a continuing stream of dividends.

ASSOCIATED COMPANIES

	Mine Production (Contained Metal in 000s tons Silver and Gold in 000s troy ounces)		
	1992	**1991**	**1990**
MIM			
Asarco Interest: 17.4%			
Copper	**158.6**	179.6	184.8
Lead	**215.5**	182.3	197.6
Zinc	**251.8**	263.3	229.8
Silver	**18,375.0**	15,629.0	16,479.0
Gold	**1,592.6**	814.5	68.6
SPCC			
Asarco Interest: 52.3%			
Copper	**267.9**	274.6	207.1
Silver	**2,675.0**	2,794.0	2,019.0
MEDIMSA			
Asarco Interest: 28.3%			
Copper	**260.3**	287.2	224.6
Lead	**39.4**	43.9	46.1
Zinc	**174.9**	179.0	168.4
Silver	**13,073.0**	14,890.0	14,310.0
Gold	**24.6**	24.7	14.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

Earnings: The Company reported a net loss for the year ended December 31, 1992 of $83.1 million, or $2.01 per share. The loss includes an after-tax charge of $122.1 million consisting principally of $56 million in costs for the adoption of Statement of Financial Accounting Standards (SFAS) 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", a $44 million charge for environmental costs, and a $21.1 million charge for the reduction in carrying value of certain facilities. The Company also adopted SFAS 109 "Accounting for Income Taxes" in 1992, which resulted in a reduction and restatement of prior-year earnings in the amount of $20 million ($13 million for 1990 and $7 million for 1989).

Earnings for 1992 would have been $39.0 million, or $.95 per share, without the $122.1 million charge, compared with net earnings of $46.0 million, or $1.12 per share, in 1991 and restated net earnings of $135.8 million, or $3.28 per share, in 1990. Lower metal prices for copper, silver, and gold, reduced earnings in 1992, compared with 1991. Expansions at the Company's Mission and Ray mines resulted in increased copper mine production in 1992. Because of heavy rains at Ray and harder ores and lower ore grades at Mission, copper mine production fell below expectations, reducing earnings. The Company realized after-tax dividend income of $7.3 million from Southern Peru Copper Corporation (SPCC) in 1992, compared with no SPCC dividend income in 1991 and 1990.

Lower prices for copper, lead, silver, gold and zinc reduced earnings in 1991, compared with 1990. Earnings for 1991 were also reduced by a charge of $6.6 million after-tax, to establish a reserve for a receivable from a copper customer which filed for bankruptcy protection. Earnings for 1991 benefited from an after-tax profit of $5.4 million from the sale of the Company's direct interest in Highlands Gold Limited. In the second quarter of 1991, the Company discontinued equity accounting for its investment in Mexico Desarrollo Industrial Minero, S.A. de C.V. (MEDIMSA), after announcing that it was considering the sale or other form of disposition of some or all of this investment. As a result, the Company's equity earnings from MEDIMSA include earnings for the first quarter of 1991 only.

Earnings in 1990 included a provision which reduced after-tax earnings by $51.5 million, or $1.24 per share. This provision was for environmental costs associated with current and previously closed facilities, and increased State of Arizona royalties applicable to the Company's Mission copper mine. Earnings in 1990 benefited from lower taxes on income, which were reduced by $6 million from a reduction of taxes payable for prior years.

Prices: Prices for the Company's metals are established principally on the New York Commodity Exchange ("COMEX") or the London Metal Exchange ("LME"). Thus, it is not possible to estimate prices for future Company metal sales. For earnings sensitivity to metal prices, see "Supplementary Financial and Statistical Information".

Realized prices in 1992 for copper declined 3 cents to $1.04 per pound from 1991's average of $1.07 per pound and declined 17 cents from 1990's average $1.21 per pound; for lead the price averaged 26 cents per pound in 1992 and 1991, a decline of 12 cents from the average realized price in 1990; for silver the realized price of $3.97 declined 15 cents from 1991 and declined 87 cents from 1990's average of $4.84 an ounce. The 1992 zinc price rose five cents to 56 cents per pound from 1991's average of 51 cents and declined 19 cents from 1990's average of 75 cents per pound.

Sales: Sales in 1992 were $1,908.5 million, compared with sales of $1,911.8 million in 1991 and $2,210.3 million for 1990. Increased sales volumes of copper, net of the effect of lower lead and silver sales volumes, partially offset the decline in sales dollars caused by lower prices. Specialty chemical sales were also lower in Europe as a result of the continued recession while North America specialty chemical sales and mineral sales improved. In 1991, increased sales volumes of lead and copper partially offset the decline in sales dollars caused by lower prices.

Cost of Products and Services: Cost of products and services in 1992 were $1,647.3 million, compared with $1,634.2 million in 1991 and $1,810.7 million in 1990. The increase in 1992 was from increases in copper sales volumes, net of the impact of lower lead and silver sales volumes and lower purchases of refined copper in 1992. The Company's cost for purchased refined copper approximates the market price at which it is sold. In 1991, operating problems at the Ray mine, including the effects of heavy rains during the third and fourth quarters of 1990 and the first quarter of 1991, and a scheduled biennial maintenance shutdown at the smelter for 24 days during the first quarter of 1991, resulted in reduced production and higher operating costs.

Other Expenses: Selling and administrative costs decreased by $7.1 million in 1992 as a result of cost reduction programs. The 1991 provision for doubtful accounts includes the establishment of a $10.6 million bad debt reserve for receivables from Laribee Wire Manufacturing Company, Inc. and its affiliated companies. Depreciation and depletion expense increased by $11.8 million in 1992 primarily as a result of higher production following the completion of copper expansion programs at Mission in October 1991 and Ray in February 1992. Increases in ore reserves, extended economic lives which reduced the rate of increase.

Research and exploration expense declined by $5.0 million in 1992 as a result of reduced levels of exploration activity.

Nonoperating Items: Interest expense was $5.0 million higher in 1992 than in 1991 as a result of higher average borrowings and decreased capitalized interest partially offset by a reduction in the average interest rate. Capitalized interest declined in 1992 by $4.9 million as a result of the completion of portions of the copper expansion program and lower interest rates. In 1991 interest expense was $8.2 million higher than in 1990 because of increased debt. Capitalized interest increased in 1991 by $8.5 million as a result of the copper expansion projects. Other income increased to $23.9 million in 1992 from $22.9 million in 1991. Other income in 1992 includes $7.8 million of dividends from Southern Peru Copper Corporation and in 1991 an $8.7 million gain on the sale of Highlands Gold Limited shares. Dividends from M.I.M. Holdings Limited included in other income were $8.8 million in 1992, $9.5 million in 1991 and $23.1 million in 1990.

Taxes on Income: In 1992 the Company adopted SFAS 109, "Accounting for Income Taxes", which resulted in a reduction and restatement of prior-year earnings by $20 million ($13 million for 1990 and $7 million for 1989). The tax benefit in 1992 results from the operating loss and settlement of a Canadian tax assessment and other items. Taxes on income were reduced for 1991 as a result of percentage depletion, partially offset by the tax effect of the pro-rata repurchase of outstanding shares by SPCC.

Equity in Earnings of Nonconsolidated Associated Companies: Equity earnings in 1991 and 1990 were primarily from the Company's investment in MEDIMSA. During 1991, lower prices and discontinuance of equity accounting for the investment in MEDIMSA reduced equity earnings. Equity earnings for MEDIMSA were $10.2 million in 1991, compared with $48.1 in 1990. MEDIMSA paid no dividends during the past three years.

Cash Flows - Operating Activities: Net cash provided from operating activities was $105.7 million in 1992, compared with $67.5 million in 1991 and $150.3 million in 1990. Setting aside the effect of the $122.1 million provision, which is a noncash charge, and other noncash items, the $38.2 million increase in 1992 from 1991, results from $13.9 million from operating activities and $24.3 million from a reduction in operating assets net of liabilities. The $82.8 million decrease in 1991 from 1990, was from lower earnings due to metal prices and other factors noted above, net of a $71.5 million reduction in operating assets net of liabilities.

Cash Flows - Investing Activities: The Company spent $134.6 million for property additions in 1992, including $70.3 million for the copper expansion and modernization program at the Ray copper mine and El Paso copper smelter and $9.5 million for participation payments on previously acquired properties. Capital expenditures were $282.9 million in 1991 of which $207.5 million was spent on the expansion and modernization program at the Mission and Ray copper mines and the El Paso copper smelter. The expansion and modernization at Mission was completed in the fourth quarter of 1991 and at Ray in the first quarter of 1992. The Company's planned property additions in 1993 are estimated to be about $120 million. The El Paso modernization is scheduled for completion in early 1993.

Asarco Australia Limited, a 60%-owned subsidiary of the Company acquired in 1991 the remaining 50% interest in the Wiluna gold mine owned by its former partner for $17.4 million. The Company acquired Industrias Oxy Metal, S.A. de C.V., a specialty chemicals company in Mexico in 1990 for $4.8 million and two concrete plants in Tennessee for $1.5 million.

In 1992 the Company did not exercise a $40 million option to purchase 16,705,527 shares of MEDIMSA which it held under a 1989 agreement, effectively lowering its ownership interest to 28.3%. Included in purchases of investments in 1991 is $24.9 million for a stock subscription of MEDIMSA by a wholly owned subsidiary of the Company. The Company received proceeds of $25.8 million from the sale of shares of Highlands Gold Limited and received $31.4 million in 1991 from a SPCC pro rata repurchase of outstanding shares which are included in proceeds from sale of securities. The Company reduced its carrying value in SPCC by the amount of these proceeds.

Liquidity and Capital Resources: At December 31, 1992, the Company's debt as a percentage of total capitalization was 39.0%, compared with 35.2% at the end of 1991 and 26.7% at the end of 1990. Debt at the end of 1992 was $868.8 million, compared with $801.6 million in 1991 and $543.2 million at the end of 1990. Additional available credit under existing loan agreements totaled $180 million at the end of 1992.

The Company expects that it will meet its cash requirements in 1993 and beyond from internally generated funds and from borrowings, if necessary, under its revolving credit agreements, or from additional debt financing. A shelf registration statement filed with the Securities and Exchange Commission in 1992 covers debt securities in the amount of $250 million available for issuance from time to time, of which $100 million was issued in February 1993 as 7-3/8% Notes which are due in 2003.

Dividends and Capital Stock: The Company paid dividends of $33.0 million, or 80 cents per share, in 1992. In 1991, the Company purchased 67,314 shares of common stock at a cost of $1.8 million and paid dividends of $65.8 million, or $1.60 per share. In 1990 the Company purchased 557,117 shares of its common stock and 152,253 common stock purchase warrants at a total cost of $16.1 million and paid dividends of $66.3 million, or $1.60 per share.

At the end of 1992, the Company had 41,467,000 common shares issued and outstanding, compared with 41,249,000 at the end of 1991 and 41,058,000 at the end of 1990.

Closed Facilities and Environmental Matters: In 1992, the Company concluded that certain facilities, primarily at the El Paso, Texas, smelter, were unlikely to be used following completion of its modernization and expansion program in early 1993. Accordingly, the Company recorded a pretax charge of $31.9 million to reduce the carrying value of these facilities.

Developments in 1990 at a number of the Company's properties where it is probable that an environmental liability has been incurred, increased the level of predictability of the future cost of these liabilities sufficiently to make possible a reasonable estimate of such costs. Accordingly, in 1990, the Company recorded a charge to earnings which added $75.5 million to its closed plant and environmental liability reserves. As a result of developments during 1992, the Company was able to further refine estimates with requisite certainty for a substantial portion of the anticipated costs at sites at which it is involved. Accordingly, in 1992, the Company recorded a pretax charge of $66.7 million to provide additional reserves for these environmental costs. At the end of 1992, such reserves totaled $141.0 million. Cash expenditures charged to these reserves were $36 million in 1992, $32 million in 1991 and $13 million in 1990. The increased expenditures in 1992 and 1991 related to increased levels of remedial environmental activities at Leadville, Bunker Hill, Tacoma and other sites. It is the opinion of Management that the outcome of these environmental matters will not materially adversely affect the operations or financial position of Asarco and its consolidated subsidiaries. This opinion is based upon reasonable estimates of costs of court judgments and settlements and of remediation costs and terms, where such estimates could be made. The financial viability of other potentially responsible parties has been considered when relevant and no credit has been assumed for any potential insurance reimbursement to the Company when availability of insurance is not established.

Accounting Matters: In November 1992, the Financial Accounting Standards Board (FASB) issued SFAS 112, "Employers' Accounting for Postemployment Benefits". This Statement establishes accounting standards for employers who provide benefits to former or inactive employees after employment but before retirement. The Company has not yet determined the impact of the Statement on the consolidated financial statements.

PRICE VOLUME ANALYSIS

The following prices and volumes were realized during 1992, 1991 and 1990.

PRICE	1992	1991	1990
Copper (per pound)	$ 1.04	$ 1.07	$ 1.21
Lead (per pound)	.26	.26	.38
Silver (per ounce)	3.97	4.12	4.84
Zinc (per pound) (1)	.56	.51	.75
Gold (per ounce)	360.53	397.85	410.70

VOLUME (IN THOUSANDS)	1992	1991	1990
Copper (pounds)	1,005,162	973,082	962,268
Lead (pounds)	403,118	424,579	328,788
Silver (ounces)	34,775	37,325	37,063
Zinc (pounds) (1)	240,200	205,148	207,282
Gold (ounces)	191	189	314

(1) Zinc prices are per pound for refined zinc, which is sold in concentrate form. Volume is pounds of refined zinc contained in concentrate.

Prices for the Company's metals are based on prices established on the New York Commodity Exchange or the London Metal Exchange. The pounds of copper sold in each year and the pounds of lead sold in 1991 increased as a result of higher production levels, inventory reductions and export sales.

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31, (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1992	1991	1990
Sales of products and services	$1,908,492	$1,911,806	$2,210,280
Operating costs and expenses:			
Cost of products and services	1,647,263	1,634,198	1,810,705
Selling, administrative and other	87,195	94,258	93,546
Provision for doubtful accounts	3,436	13,625	1,985
Depreciation and depletion	86,642	74,869	75,093
Research and exploration	21,410	26,431	26,644
Provision to reduce carrying value of certain facilities (7)	31,900	-	-
Provision for closed plant and environmental matters (8)	72,400	7,305	75,527
Total operating costs and expenses	1,950,246	1,850,686	2,083,500
Operating income (loss)	(41,754)	61,120	126,780
Interest expense (9)	51,230	46,227	38,038
Other income (2)	23,911	22,870	26,561
Earnings (loss) before taxes on income and equity in results of nonconsolidated associated companies and cumulative effect of change in accounting principle	(69,073)	37,763	115,303
Taxes on income (benefit) (3)	(37,371)	2,199	15,910
Earnings (loss) before equity in results of nonconsolidated associated companies and cumulative effect of change in accounting principle	(31,702)	35,564	99,393
Equity in earnings of nonconsolidated associated companies, net of taxes on income of $0 in 1992, $3,473 in 1991 and $16,408 in 1990 (3) (6)	2,575	10,393	36,451
Earnings (loss) before cumulative effect of change in accounting principle	(29,127)	45,957	135,844
Cumulative effect of change in accounting principle, net of taxes of $27,800 (11)	(53,964)	-	-
Net earnings (loss)	$ (83,091)	$ 45,957	$ 135,844
Per common share amounts:			
Earnings (loss) before cumulative effect of change in accounting principle	$ (0.70)	$ 1.12	$ 3.28
Cumulative effect of change in accounting principle	(1.31)	-	-
Net earnings (loss)	$ (2.01)	$ 1.12	$ 3.28
Cash dividends	$ 0.80	$ 1.60	$ 1.60
Weighted average number of Asarco shares outstanding	41,364	41,128	41,404

( ) See notes to financial statements.

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, (DOLLARS IN THOUSANDS)	1992	1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33,248	$ 35,210
Accounts and notes receivable, net of allowance for doubtful accounts of $4,232 and $3,326	341,878	331,725
Inventories (4)	283,026	262,707
Other assets	29,100	24,259
Total current assets	687,252	653,901
Investments (6)		
Cost method	803,550	838,131
Equity method	46,101	42,174
Total investments	849,651	880,305
Property (7)	2,423,720	2,314,658
Less: Accumulated depreciation and depletion	1,112,755	1,012,152
Net property	1,310,965	1,302,506
Intangible and other assets	98,048	117,125
TOTAL ASSETS	$2,945,916	$2,953,837
LIABILITIES		
Current liabilities:		
Bank loans	$ 20,574	$ 45,755
Current portion of long-term debt (9)	63,868	7,493
Accounts payable	208,688	197,556
Salaries and wages	15,985	16,526
Taxes on income (3)	42,879	39,847
Reserve for closed plant and environmental matters (8)	39,997	34,120
Other liabilities	28,720	28,445
Total current liabilities	420,711	369,742
Long-term debt (9)	784,327	748,306
Deferred income taxes (3)	104,240	171,518
Reserve for closed plant and environmental matters (8)	100,962	70,058
Accrued postretirement benefit obligation (11)	90,214	-
Other liabilities and reserves	87,969	119,385
TOTAL LIABILITIES	1,588,423	1,479,009
Contingencies (8)		
PREFERRED STOCKHOLDERS' EQUITY (10)		
Authorized-10,000,000 shares without par value; none issued	-	-
COMMON STOCKHOLDERS' EQUITY (10)		
Authorized-80,000,000 common shares without par value: Issued shares: 1992-45,039,878; 1991-45,039,878	679,991	679,991
Retained earnings	821,072	950,791
Treasury stock (at cost) - common shares 1992-3,572,705; 1991-3,790,624	(143,570)	(155,954)
Total common stockholders' equity	1,357,493	1,474,828
TOTAL LIABILITIES, PREFERRED AND COMMON STOCKHOLDERS' EQUITY	$2,945,916	$2,953,837

( ) See notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, (IN THOUSANDS)	1992	1991	1990
OPERATING ACTIVITIES			
Net earnings (loss)	$ (83,091)	$ 45,957	$ 135,844
Adjustments to reconcile net earnings (loss) to net cash provided from operating activities:			
Depreciation and depletion	86,642	74,869	75,093
Provision (benefit) for deferred income taxes	(60,200)	2,387	350
Treasury stock used for employee benefits	4,140	3,318	-
Undistributed equity earnings	(1,772)	(11,788)	(52,495)
Net (gain) loss on sale of investments and property	(2,600)	(10,125)	7,906
Provision to reduce carrying value of certain facilities	31,900	-	-
Increase (decrease) in reserve for closed plant and environmental matters	36,781	(24,944)	67,351
Provision for postretirement benefit obligation at adoption	81,764	-	-
Cash provided from (used for) operating assets and liabilities, net of acquisitions:			
Accounts and notes receivable	(5,255)	53,759	(69,481)
Inventories	(19,200)	(10,174)	(8,710)
Accounts payable and accrued liabilities	13,553	(7,762)	(15,140)
Other operating liabilities and reserves	6,960	(52,171)	23,065
Other operating assets	15,620	3,888	(15,171)
Foreign currency transaction losses	447	262	1,690
Net cash provided from operating activities	105,689	67,476	150,302
INVESTING ACTIVITIES			
Property additions	(134,574)	(282,917)	(236,962)
Business acquisitions, net of cash acquired	-	(17,392)	(6,263)
Proceeds from sale of securities and property	72,389	116,384	65,838
Purchase of investments, principally marketable securities	(73,374)	(77,998)	(74,363)
Net cash used for investing activities	(135,559)	(261,923)	(251,750)
FINANCING ACTIVITIES			
Debt incurred	84,781	267,654	241,764
Debt retired	(20,195)	(9,466)	(48,531)
Retirement of common stock purchase warrants, net	-	766	(1,642)
Net treasury stock transactions	1,209	(955)	(14,264)
Dividends paid	(33,043)	(65,796)	(66,298)
Net cash provided from financing activities	32,752	192,203	111,029
Effect of exchange rate changes on cash	(4,844)	2,861	1,548
Increase (decrease) in cash and cash equivalents	(1,962)	617	11,129
Cash and cash equivalents at beginning of year	35,210	34,593	23,464
Cash and cash equivalents at end of year	$ 33,248	$ 35,210	$ 34,593

( ) See notes to financial statements.
Descriptions of material noncash transactions and supplemental disclosures are included in Notes 3, 6, 8 and 9.

CONSOLIDATED STATEMENT OF CHANGES IN COMMON STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, (DOLLARS IN THOUSANDS)	1992	1991	1990
COMMON STOCK			
Balance at beginning of year: 1992-45,039,878 shares; 1991-44,992,272 shares; 1990-44,988,222 shares	$ 679,991	$ 679,225	$ 679,159
Issuance of 47,606 shares in 1991; 4,050 shares in 1990 upon exercise of common stock purchase warrants	-	766	66
Balance at end of year: 1992-45,039,878 shares; 1991-45,039,878 shares; 1990-44,992,272 shares	679,991	679,991	679,225
RETAINED EARNINGS			
Balance at beginning of year as previously reported	950,791	976,650	910,802
Cumulative effect of accounting change-income taxes	-	-	(6,824)
Balance at beginning of year	950,791	976,650	903,978
Net earnings (loss)	(83,091)	45,957	135,844
Dividends declared and paid on common shares	(33,043)	(65,796)	(66,298)
Treasury stock issued at less than cost	(7,035)	(7,679)	(235)
Retirement of common stock purchase warrants	-	-	(1,707)
Foreign currency adjustment	(6,550)	1,659	5,068
Balance at end of year	821,072	950,791	976,650
TREASURY STOCK			
Balance at beginning of year	(155,954)	(165,996)	(151,967)
Purchased	(166)	(1,840)	(14,430)
Used for employee benefits	12,550	11,882	401
Balance at end of year: 1992-3,572,705 shares; 1991-3,790,624 shares; 1990-3,934,473 shares	(143,570)	(155,954)	(165,996)
TOTAL COMMON STOCKHOLDERS' EQUITY	$1,357,493	$1,474,828	$1,489,879

( ) See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include all significant subsidiaries in which the Company has voting control. Significant investments in the capital stock of associated companies and subsidiaries in which the Company does not have voting control are accounted for by the cost method or equity method.

Cash Equivalents: The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories: Company-owned metals processed by smelters, refineries and other metal plants are valued at the lower of last-in, first-out (LIFO) cost or market. Other inventories are valued at the lower of first-in, first-out (FIFO) or average cost or market.

Property: Assets are valued at cost or less. Betterments, renewals, costs of bringing new mineral properties into production, and the cost of major development programs at existing mines are capitalized. Maintenance, repairs, development costs to maintain production at existing mines, and gains or losses on assets retired or sold are reflected in earnings as incurred. Plant assets are depreciated over their estimated useful lives, generally by the units-of-production method. Depreciation and depletion of mine assets are computed generally by the units-of-production method using proven and probable ore reserves.

Revenue Recognition: Revenue is recognized on metals at the time a sales contract is executed and the sales price is fixed in accordance with the terms of the contract.

Exploration: Tangible and intangible costs incurred in the search for mineral properties are generally charged against earnings when incurred. When a commercial ore body is discovered, the related exploration costs previously charged against earnings are credited to earnings and capitalized in Property.

Hedge Contracts: The Company periodically uses futures and options contracts to hedge the effect of price changes on a portion of the primary metals it sells. Gains and losses on hedge contracts are reported as a component of the related transaction.

Taxes on Income: The Company adopted Statement of Financial Accounting Standards (SFAS) 109 "Accounting for Income Taxes", in 1992. This statement supersedes SFAS 96, "Accounting for Income Taxes". Deferred income taxes reflect the future tax consequences of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end. No deferred income taxes have been provided for the income tax liability which would be incurred on repatriation of the undistributed earnings of the Company's foreign subsidiaries because the Company intends indefinitely to reinvest these earnings outside the United States. General business credits are accounted for by the flow-through method.

Subsidiary Stock Issuance: Gains or losses arising from the sale of previously unissued shares to an unrelated party by a subsidiary are recognized as a component of Net Earnings to the extent that the net book value after the sale exceeds or is lower than the net book value per share immediately prior to the sale of the shares owned by the parent.

Postretirement and Postemployment Benefits: The Company elected to adopt SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" in 1992. This statement required a change in accounting for postretirement benefits to the accrual method. In November 1992, the FASB issued SFAS 112 "Employers' Accounting for Postemployment Benefits". This pronouncement, which is effective for the year ending December 31, 1994, establishes accounting standards for employers offering benefits to former or inactive employees after employment but before retirement. The Company has not yet determined the impact of the statement on its consolidated financial statements.

Other: Certain reclassifications have been made to prior-year balances to conform to the current-year presentation.

(2) OTHER INCOME

Other income consists of the following:

FOR THE YEARS ENDED DECEMBER 31, (IN MILLIONS)	1992	1991	1990
Interest income	$ 3.7	$ 4.1	$ 6.0
Dividend income	16.9	9.8	23.5
Miscellaneous	3.3	9.0	(2.9)
Total	$23.9	$22.9	$26.6

(3) TAXES ON INCOME

As discussed in Note 1, the Company adopted SFAS 109 in 1992 and elected to apply the provisions of SFAS 109 retroactively to January 1, 1989. Accordingly, the beginning balance of retained earnings as of January 1, 1990 has been restated to reflect a decrease of $6.8 million to $9[illegible] million. In addition, the financial statements for the years ended December 1991 and 1990, the unaudited quarterly data presented in Supplementary Financial and Statistical Information section for 1991 and certain information contained in the Five Year Selected Financial and Statistical Data section for 1991, 1990 and 1989 have been restated to comply with the provisions of SFAS 109.

The following summarizes the impact of applying SFAS 109 on net income and earnings per share:

FOR THE YEARS ENDED DECEMBER 31,	1991	1990
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		
Net earnings as previously reported	$46.0	$149.1
Effect of SFAS 109	–	(13.3)
As restated	$46.0	$135.8
Net earnings per common share as previously reported	$1.12	$ 3.60
Effect of SFAS 109	–	(0.32)
As restated	$1.12	$ 3.28

EARNINGS (LOSS) BEFORE TAXES ON INCOME:

FOR THE YEARS ENDED DECEMBER 31,	1992	1991	1990
(IN MILLIONS)			
Domestic operations	$(153.6)	$21.6	$ 79.4
Foreign operations	5.3	30.0	88.8
Total	$(148.3)	$51.6	$168.2

TAX EXPENSE:

The components of the provision for taxes on income are as follows:

FOR THE YEARS ENDED DECEMBER 31,	1992	1991	1990
(IN MILLIONS)			
U.S. Federal:			
Current tax provision (benefit)	$ (8.5)	$(1.1)	$21.7
Deferred tax provision (benefit)	(60.0)	1.9	0.3
U.S. Federal income tax provision (benefit)	(68.5)	0.8	22.0
Foreign and State:			
Current tax provision	3.5	4.4	10.2
Deferred tax provision (benefit)	(0.2)	0.5	0.1
Foreign and state income tax provision	3.3	4.9	10.3
Total income tax provision (benefit)	$(65.2)	$ 5.7	$32.3

Total taxes paid (refunded) were: 1992-$2.6 million; 1991-($16.3) million and 1990-$26.4 million.

RECONCILIATION OF STATUTORY INCOME TAX RATE:

FOR THE YEARS ENDED DECEMBER 31,	1992	1991	1990
U.S. statutory income tax rate (benefit)	(34.0%)	34.0%	34.0%
Adjustment for entities for which no U.S. tax has been provided	(0.2)	2.8	(1.5)
Percentage depletion	(6.8)	(34.2)	(11.4)
Foreign taxes, net of federal benefit	0.5	4.1	1.0
Share repurchase by SPCC	–	4.1	–
Reversal of taxes previously accrued	(4.7)	–	(3.5)
Other	1.2	0.2	0.6
Taxes on income (benefit)-effective rate	(44.0%)	11.0%	19.2%

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities are as follows:

DEFERRED TAX ASSETS (LIABILITIES)

AT DECEMBER 31,	1992	1991
(IN MILLIONS)		
Current:		
Reserve for closed plant and environmental matters	$ 11.1	$ 11.6
Inventories	6.6	5.5
Miscellaneous accrued expense	(1.9)	(5.5)
Other	4.9	4.8
Net current deferred tax asset	20.7	16.4
Noncurrent:		
Tax effect of regular net operating losses	49.9	26.7
Reserve for closed plant and environmental matters	36.8	23.8
Postretirement benefit obligation	32.8	2.2
Alternative minimum tax credits	25.9	11.7
Previously taxed income	6.2	4.6
Capitalized exploration expenses	3.5	4.6
Property, plant and equipment	(115.8)	(105.2)
Investment - MEDIMSA	(90.1)	(84.8)
Investment - MIM	(58.9)	(58.9)
Other	5.5	3.8
Net noncurrent deferred tax liability	(104.2)	(171.5)
Total net deferred tax liability	$ (83.5)	$(155.1)

At December 31, 1992, the Company has $146.8 million of net operating loss carryforwards which expire, if unused, in 2006 and 2007. In addition, the Company has alternative minimum tax credits of $25.9 million which are not subject to expiration. The Company believes that these carryforwards will, more likely than not, be available to reduce future federal income tax liabilities and has recorded the tax benefit of these carryforwards as deferred tax assets. Because of shorter carryforward periods and other statutory differences, the Company's net operating loss carryforwards for state purposes are not significant and, therefore, have not been recorded as deferred tax assets.

U.S. deferred income taxes have not been recognized on approximately $167.0 million in 1992 ($174.6 million in 1991 and $209.7 million in 1990) of undistributed earnings of foreign subsidiaries and nonconsolidated associated companies more than 50% owned, because assets representing those earnings are permanently invested. It is not practicable to determine the amount of income taxes that would be payable upon remittance of assets that represent those earnings. The amount of foreign withholding taxes that would be payable upon remittance of assets that represent those earnings would be approximately $3.4 million in 1992 ($3.9 million in 1991 and $4.3 million in 1990).

(4) INVENTORIES

AT DECEMBER 31, (IN MILLIONS)	1992	1991
Inventories of smelters, refineries, and other metal plants:		
LIFO cost or market	$ 30.0	$ 29.6
Provisional cost of metals received for which prices have not yet been fixed	61.6	59.6
Mine inventories at FIFO cost or market	96.7	86.1
Materials and supplies (average cost or less)	58.4	53.2
Other	36.3	34.2
Total	$283.0	$262.7

Replacement cost exceeds inventories valued at LIFO cost by approximately $125.2 million in 1992 (1991-$130.3 million).

(5) ACQUISITIONS

Asarco Australia Limited, a 60%-owned subsidiary of the Company invested $17.4 million in 1991 to acquire the remaining 50% interest in the Wiluna gold mine owned by its former partner. The Company spent $4.8 million in 1990 acquiring Industrias Oxy Metal, S.A. de C.V., a specialty chemicals company in Mexico and $1.5 million in acquiring two concrete plants in Tennessee.

Acquisitions are accounted for as purchases and, accordingly, the acquired assets and liabilities have been recorded at their estimated fair market values at the date of acquisition. The operating results are included in the Consolidated Statement of Earnings from the acquisition dates. The excess of the purchase price over the valuation of the net assets acquired for the above and prior-years' acquisitions, $61.3 million, is recorded as Goodwill in Intangible and Other Assets and is generally amortized over either the mine life up to a maximum of 40 years on a units-of-production basis or over 40 years on a straight-line basis. Accumulated amortization was $7.7 million and $5.6 million at December 31, 1992 and 1991, respectively.

(6) INVESTMENTS

The Company has substantial interests in associated companies in Mexico, Peru and Australia, which are engaged principally in mining, smelting and refining nonferrous metals. These companies are Mexico Desarrollo Industrial Minero, S.A. de C.V. (MEDIMSA), Southern Peru Copper Corporation (SPCC) and M.I.M. Holdings Limited (MIM). The fiscal year for MIM ends June 30. MEDIMSA and SPCC report operating results on a calendar-year basis.

MEDIMSA: In 1991, the Company announced that it was considering the sale or other form of disposition of some or all of its investment in MEDIMSA. In light of this action and other factors, the Company changed from the equity method of accounting for its interest in MEDIMSA to the cost method, effective with the second quarter of 1991. At December 31, 1992, cumulative deferred equity in profits totaled $7.6 million. In the second quarter of 1991, a wholly owned subsidiary of Asarco invested an additional $24.9 million in MEDIMSA under a rights offering. As a result of not subscribing to its full share of the offering, the Company's interest in MEDIMSA declined to 31.2% from 34.0%. Pursuant to a financing and option agreement entered into in 1989 with a bank, the Company exchanged 16,705,527 shares of MEDIMSA for $38.4 million of previously issued exchangeable preferred stock of a wholly owned subsidiary of the Company in December 1992, lowering its ownership interest to 28.3%. In September 1990, MEDIMSA, through its subsidiary Mexicana de Cobre, S.A. de C.V., purchased a 76.09% interest in Mexicana de Cananea, S.A. de C.V. for $475 million.

SPCC: In 1988, the Company changed from the equity method of accounting for SPCC to the cost method. This change followed the deterioration in the economy of Peru, inflation and level of foreign exchange reserves, the economic uncertainty for the near-term outlook and the foreign exchange restrictions on the remittance of profits then in place. At December 31, 1992, the Company's equity in undistributed profits totaled $21.4 million. In December 1991, SPCC reached agreement with the Government of Peru on a dispute concerning the recovery of SPCC's investment in the Cuajone mine in Southern Peru. Under the terms of the agreement, SPCC commenced a five-year $300 million capital expansion and development program. The Peruvian Government has undertaken not to discriminate against SPCC in comparison with treatment given to other mining companies. In December 1991, SPCC repurchased approximately 13.8% of its outstanding common shares pro rata from its shareholders, from which Asarco received proceeds of $31.4 million. The Company reduced its carrying value in SPCC by the amount of these proceeds. Dividends received in 1992 of $7.8 million were recorded as income.

INVESTMENTS IN ASSOCIATED COMPANIES (COST METHOD)

FINANCIAL POSITION

AT DECEMBER 31, 1992 (DOLLARS IN MILLIONS)	MEDIMSA	SPCC	MIM
Asarco's Interest	28.3%	52.3%	17.4%
Asarco's Investment (U.S. GAAP)	$298.4	$181.9	$266.8
Market Value	(a)	(a)	$409.4(a)

FINANCIAL POSITION	DECEMBER 31, 1991	DECEMBER 31, 1990	DECEMBER 31, 1992	DECEMBER 31, 1991	JUNE 30, 1992	JUNE 30, 1991
	MEXICAN GAAP (b)		U.S. GAAP		AUSTRALIAN GAAP	
Current assets	$ 555.7	$ 528.1	$ 299.6	$ 317.0	$ 645.4	$ 580.5
Property-net	2,504.5	2,246.5	390.2	395.9	1,933.7	1,866.0
Other assets	65.6	59.4	33.5	32.8	1,588.9	1,401.9
Total assets	$ 3,125.8	$ 2,834.0	$ 723.3	$ 745.7	$ 4,168.0	$ 3,848.4
Current liabilities	$ 597.9	$ 525.3	$ 76.2	$ 111.2	$ 408.0	$ 322.1
Long-term debt	170.7	248.3	6.0	10.0	1,253.1	1,143.7
Other liabilities	–	–	26.6	45.4	131.5	110.8
Deferred income taxes	6.4	1.4	167.0	167.5	352.1	354.2
Minority interests	208.2	334.3	56.7	53.4	137.4	138.5
Total liabilities	983.2	1,109.3	334.5	387.5	2,282.1	2,069.3
Stockholders' equity	2,142.6	1,724.7	388.8	358.2	1,885.9	1,779.1
Total liabilities and stockholders' equity	$ 3,125.8	$ 2,834.0	$ 723.3	$ 745.7	$ 4,168.0	$ 3,848.4

FOR THE YEARS ENDED	SEPTEMBER 30	DECEMBER 31	DECEMBER 31
	MEXICAN GAAP(C)	U.S. GAAP	AUSTRALIAN GAAP
NET SALES 100%			
1992	$ 876.6	$ 550.5	$ 1,435.5
1991	830.0	527.1	1,457.2
1990	791.4	395.0	1,552.4
NET EARNINGS (LOSS) 100%			
1992	$ 87.3	$ 45.6	$ 93.7
1991	66.5	(0.4)	14.8
1990	148.8	(7.5)	121.8
DIVIDENDS TO ASARCO			
1992	–	$ 7.8	$ 8.8
1991	–	–	9.5
1990	–	–	23.1

Asarco reported equity earnings from MEDIMSA of $10.2(d) in 1991 and $48.1(d) in 1990.

GAAP – Generally Accepted Accounting Principles

(a) Quoted market prices on Asarco's investments in MEDIMSA and SPCC are not available since the shares are not publicly traded. It is not practicable to estimate fair value without incurring excessive costs; however, in management's opinicn, the market value is equal to or exceeds the carrying amount. Market value for Asarco's investment in MIM is based upon the December 31, 1992, closing market price of MIM's ordinary shares on the Sydney (Australia) Stock Exchange. Market value is not necessarily indicative of an amount realizable in the event of a sale.

(b) Translated into U.S. dollars at the rate in effect at December 31, 1991 ($1 U.S. = MN$ 3073.88). December 31, 1992 financial statements are not available.

(c) Translated at the average exchange rates of $1 U.S. = MN$ 3089.44 in 1992 (MN$ 2,949.40 - 1991; MN$ 2,726.3 - 1990).

(d) Adjusted by $(4.6) and $(2.5) in 1991 and 1990, respectively, to reflect U.S. accounting standards. Effective with the second quarter of 1991, MEDIMSA is accounted for on the cost method.

DIFFERENCES BETWEEN MEXICAN AND U.S. GAAP:

MEDIMSA's consolidated financial statements are prepared in accordance with Mexican GAAP, which differs in certain significant respects from U.S. GAAP. The following reconciliations from Mexican to U.S. GAAP present information in part prior to the reversal of the adjustments to the financial statements for the effects of inflation required under Mexican GAAP. The principal differences and adjustments are described below.

Capitalized Interest: Mexican GAAP does not require the capitalization of interest on assets under construction as U.S. GAAP does. The adjustment for capitalized interest is based on MEDIMSA's average interest cost.

Excess of Sellers' Book Value Over Cost of Assets Acquired: Mexican GAAP permits acquired assets to be recorded at the sellers' book value when the purchase price is less than the sellers' book value. U.S. GAAP requires the recording of acquired assets at the purchase price.

Taxes: Deferred taxes are adjusted for the effect of capitalized interest. The adjustment is based on the difference between the book basis and tax basis and the statutory tax rate.

Net income and total stockholders' equity, adjusted to take into account the material differences between Mexican GAAP and U.S. GAAP, are as follows:

FOR THE YEAR ENDED DECEMBER 31, (IN MILLIONS)		1990
Net income as reported under Mexican GAAP	MN$	503,805
Amortization of capitalized interest		(14,718)
Amortization of excess of book value over cost		52,019
Deferred taxes		19,149
Approximate net income under U.S. GAAP before eliminating effects of inflation accounting		560,255
Effect of inflation accounting (1)		111,879
Approximate net income under U.S. GAAP (1)	MN$	448,376
Approximate net income under U.S. GAAP (converted at average exchange rate of $1 U.S. = MN$ 2,829) (1)	$	158.5
Equity earnings (net of deferral for MEDIMSA shares underlying exchangeable preferred stock of $5.4) (1)	$	48.5
As a result of the one-quarter delay basis of accounting, these equity earnings were recorded as follows: (1)		
Second quarter 1990	$	10.2
Third quarter 1990		16.0
Fourth quarter 1990		12.1
First quarter 1991		10.2
		48.5
Adjustment for one quarter lag by Asarco		(0.4)
Equity earnings reported by Asarco - Audited	$	48.1

(1) Unaudited

AT DECEMBER 31, (IN MILLIONS)		1990
Total stockholders' equity under Mexican GAAP	MN$	5,301,640
Capitalized interest, net of amortization		110,637
Excess of book value over cost		(1,963,751)
Accumulated amortization		114,647
Deferred taxes		(143,612)
Approximate total stockholders' equity under U.S. GAAP before eliminating effects of inflation accounting		3,419,561
Effect of inflation accounting (1)		776,333
Approximate total stockholders' equity under U.S. GAAP (1)	MN$	2,643,228
Approximate total stockholders' equity under U.S. GAAP (converted at year end exchange rate of $1 U.S. = MN$ 2,947) (1)	$	896.8
Asarco investment at 34% as of March 31, 1991 (1)	$	304.9
Deferral for MEDIMSA shares underlying exchangeable preferred stock (1)		6.5
		298.4
Additional shares purchased		24.9
Asarco's Investment at December 31, 1991 - Audited	$	323.3

(7) PROPERTY

Property is stated at cost and consists of the following:

AT DECEMBER 31, (IN MILLIONS)	1992	1991
Buildings and equipment	$1,940.3	$1,857.0
Equipment capital leases	123.2	122.8
Mineral land	289.2	263.9
Land, other than mineral	66.5	64.6
Other	4.5	6.4
Total property	$2,423.7	$2,314.7

Accumulated depreciation applicable to capitalized leases amounted to $27.0 million in 1992, $16.5 million in 1991 and $10.0 million in 1990, including depreciation charged to earnings of $11.1 million in 1992, $6.5 million in 1991 and $1.7 million in 1990. An increase in the proven and probable ore reserves at the Ray mine resulting from normal reassessments had the effect of lowering depreciation by $3.7 million in 1992.

Exploration costs of $1.2 million in 1990 previously charged against earnings were credited to earnings and capitalized, as a result of the discovery of commercial ore bodies.

In the fourth quarter of 1992, the Company recorded a pretax charge of $31.9 million to reduce the carrying value of certain facilities, primarily at the El Paso, Texas, smelter, which are unlikely to be used following the completion of the modernization and expansion program at the copper smelter in early 1993.

(8) CONTINGENCIES AND LITIGATION

The Company and certain of its subsidiaries have received notices from the United States Environmental Protection Agency ("EPA") that they and in most cases numerous other parties are potentially responsible to remediate alleged hazardous substance releases at certain sites under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA" or "Superfund"). In addition, the Company and certain of its subsidiaries are defendants in lawsuits brought under CERCLA or state laws which seek substantial damages and remediation. Remedial action is being undertaken by the Company at some of the sites. The Company anticipates that it will make significant capital and other expenditures over the next several years to comply with environmental laws and regulations, including required remediation at various Superfund sites. In connection with the sites referred to above, as well as at other closed plants and sites where the Company is working with the EPA and state agencies to resolve environmental issues, the Company has made reasonable estimates, where possible, of the extent and cost of necessary remedial action and damages. As a result of feasibility studies, public hearings, engineering studies and discussions with the EPA and similar state agencies, for sites where it is probable that a liability has been incurred and the amount of cost could be reasonably estimated, the Company recorded pre-tax charges to earnings in the fourth quarter of 1990 of $75.5 million and in the fourth quarter of 1992 of $66.7 million. Recorded reserves for these matters total $141.0 million at December 31, 1992. Cash expenditures charged to these reserves were $35.6 million in 1992, $32.2 million in 1991 and $13.0 million in 1990.

The Company is a defendant in a lawsuit brought on behalf of classes of persons who live near or have lived near the Company's Globe plant, located in Denver, Colorado, seeking compensatory and punitive damages for damage to property due to substances allegedly emitted from the plant.

The Company and two subsidiaries, as of December 31, 1992, are defendants in 780 lawsuits brought by 5,151 primary and 3,813 secondary plaintiffs seeking substantial actual and punitive damages for personal injury or death allegedly caused by exposure to asbestos as well as 9 lawsuits for removal or containment of asbestos-containing products in structures. In addition, the Company and certain subsidiaries are defendants in product liability lawsuits involving various other products, including metals.

The Company is a defendant in lawsuits in Arizona brought by Indian Tribes and some other Arizona water users contesting the right of the Company and numerous other individuals and entities to use water and, in some cases, seeking damages for water usage and alleged contamination. The lawsuits could potentially affect the Company's use of water at its Ray Complex, Mission Complex and other Arizona operations.

While the Company is unable to estimate the ultimate dollar amount of exposure to loss, it is the opinion of management that the outcome of the legal proceedings and environmental contingencies mentioned, and other miscellaneous litigation and proceedings now pending, will not materially adversely affect the operations or the financial position of Asarco and its consolidated subsidiaries. This opinion is based upon reasonable estimates of costs of court judgements and settlements and of remediation costs and terms where such estimates could be made. The financial viability of other potentially responsible parties has been considered when relevant and no credit has been assumed for any potential insurance reimbursement to the Company when availability of insurance is not established.

(9) DEBT AND AVAILABLE CREDIT FACILITIES

LONG-TERM DEBT

AT DECEMBER 31, (IN MILLIONS)	1992 BOOK VALUE	1992 FAIR VALUE (a)	1991 BOOK VALUE
Revolving credits	$ 520.0	$ 520.0	$ 425.0
Pollution control bonds, 1993/2006 - rates from 6-3/4% to 8.9%	171.1	185.9	171.1
Capital lease obligations 1993/2006-rates from 7.15% to 12.0%	109.5	109.5	116.2
9-3/4% Sinking Fund Debentures, 1996/2000	40.0	40.8	40.0
Foreign and other debt-rates from 5.0% to 12.25%	7.6	7.6	3.5
Total long-term debt	848.2	863.8	755.8
Less, current portion	63.9	63.9	7.5
Long-term debt	$ 784.3	$ 799.9	$ 748.3

(a) The fair value of the debt instruments was determined using quoted prices of publicly traded securities of similar maturities and credit ratings as of December 31, 1992.

Maturities of debt instruments and future minimum payments under capital leases as of December 31, 1992 are as follows:

(IN MILLIONS)	DEBT INSTRUMENTS	CAPITAL LEASES
1993	$ 56.5	$ 16.7
1994	147.7	16.5
1995	153.4	16.4
1996	80.1	16.7
1997	6.8	18.5
Thereafter	294.2	73.8
Less interest	-	(49.1)
	$738.7	$109.5

Total interest paid (net of amounts capitalized of $7.4 million in 1992, $12.3 million in 1991 and $3.8 million in 1990) was $52.6 million in 1992, $41.7 million in 1991 and $37.8 million in 1990.

The Company has two revolving credit agreements that permit borrowings of up to $700 million, of which $520 million was drawn down and $180 million was available at December 31, 1992. One facility allows the Company to borrow up to $440 million until July 1993 after which the facility will decline by $36.7 million quarterly until 1996. The second facility expires in May 1993. Borrowings under these agreements bear interest based on LIBOR, the CD or the prime rate, and averaged 3.86% at December 31, 1992. Rates may vary based upon the Company's debt rating. A commitment fee of 1/8% per annum on the unused portion of the revolving credit agreements is payable by the Company.

The highest level of revolving credit borrowings during 1992 was $535.0 million (1991-$450.0 million; 1990-$290.0 million). Borrowings under these agreements averaged $465.4 million for 1992 (1991-$390.3 million; 1990-$168.1 million), with a weighted average interest rate of 4.2% (1991-6.5%; 1990-8.5%).

Under the most restrictive terms of the agreements, the Company must maintain a tangible net worth, as defined, of at least $1 billion. Tangible net worth was $1.3 billion at December 31, 1992. The ratio of current assets to current liabilities cannot be less than 125% and at December 31, 1992, this ratio was 163%.

During 1991 the Company entered into two sale and leaseback transactions for mobile mining equipment and railroad rolling stock. Proceeds from these transactions were used principally to replace interim financing which was used to fund property additions.

The Company has three agreements expiring 1993 to 1994 which fix the rate on a notional $112.4 million of its variable-rate debt. The effect of these agreements is to limit the interest rate exposure to 8.2% on $100 million of the debt and 12.7% on the balance, and is recorded as an adjustment to interest expense which resulted in 1992 in a $5.3 million interest charge (1991-$2.5 million; 1990-$0.3 million). The Company has exposure to credit risk but does not anticipate nonperformance by the counterparties to these agreements. A shelf registration statement filed with the Securities and Exchange Commission in 1992 covers debt securities in the amount of $250 million available for issuance from time to time (see Note 13).

(10) STOCKHOLDERS' EQUITY

The Company purchased 5,649 of its common shares in 1992 (1991-67,314 shares; 1990-557,117 shares). In 1992, 223,568 common shares (1991-211,163 shares; 1990-7,280 shares) were used for savings, stock option and incentive plans. The effect on the calculations of net earnings per common share of the Company's common stock equivalents (warrants and shares under option) was insignificant.

Retained earnings at December 31, 1992, included undistributed earnings of $142.7 million for nonconsolidated subsidiaries and $262.4 million for all other investments. Retained earnings has been increased by cumulative foreign currency adjustments of $0.1 million at December 31, 1992 ($6.6 million in 1991; $5.0 million-1990).

Stock Options: The Company has a stockholder-approved Stock Incentive Plan and a Stock Option Plan. The Stock Incentive Plan replaces the Stock Option Plan. No additional options will be granted under the Stock Option Plan and unexpired options continue to be governed by, and exercised under, the Stock Option Plan.

The Stock Incentive Plan provides for the granting of nonqualified or incentive stock options, as defined under current provisions of the Internal Revenue Code, as well as for the award of restricted stock and bonuses payable in stock. The option price for options granted under the Stock Incentive Plan shall be not less than 100% of the fair market value of the Common Stock on the date of grant in the case of incentive stock options, or 50% in the case of other options.

Options granted under the Stock Incentive Plan will expire on a date fixed by the Company's Organization and Compensation Committee but not more than 10 years from the date of grant in the case of incentive stock options or such later date as may be permitted under the Internal Revenue Code. In the absence of any contrary provision, no option will be exercisable for six months from the date of grant. Options granted under the Stock Option Plan are exercisable within 10 years from the date of grant.

Each option granted under the Stock Incentive Plan or Stock Option Plan may provide for "Stock Appreciation Rights" (SARs). An SAR permits an optionee, in lieu of exercising the option, to receive from the Company payment in an amount equal to the difference between the market value of the stock on the date of exercise of the SAR and the purchase price of the stock under the terms of the option. At December 31, 1992, nineteen individuals held SARs covering options for 499,982 shares, ranging in price from $20.57 to $38.13 per share, exercisable as either regular stock options or SARs.

The authorized number of shares under the Stock Incentive Plan is 2,000,000 of which 300,000 shares may be awarded as restricted stock. As of December 31, 1992, 1,418,450 shares are available for future grants under the Stock Incentive Plan. The table below summarizes stock option activity over the past three years under the Stock Incentive Plan and Stock Option Plan.

	NUMBER OF SHARES	OPTION PRICE (RANGE PER SHARE)
Outstanding at January 1, 1990	643,577	$20.57 to $41.63
Granted	171,750	$26.07 to $26.50
Exercised	(3,400)	$20.57 to $22.32
Canceled or expired	(46,150)	$22.32 to $41.63
Outstanding at January 1, 1991	765,777	$20.57 to $41.63
Granted	182,100	$24.82 to $27.88
Exercised	(6,200)	$20.57 to $24.31
Canceled or expired	(80,000)	$20.57 to $41.63
Outstanding at January 1, 1992	861,677	$20.57 to $38.13
Granted	163,000	$22.31 to $22.31
Exercised	(26,534)	$20.57 to $27.88
Canceled or expired	(64,557)	$20.57 to $38.13
Outstanding at December 31, 1992	933,586	$20.57 to $38.13

In 1989, the Company adopted a Shareholder Rights plan and declared a dividend of one Right for each of its Common Shares. In certain circumstances, if a person or group becomes the beneficial owner of 15% or more of the outstanding common shares (or in the case of MIM, more than 33 1/3%), with certain exceptions, these rights vest and entitle the holder to certain share purchase rights. In connection with the Rights dividend, 800,000 shares of Junior Participating Preferred Stock were authorized for issuance upon exercise of the Rights.

(11) BENEFIT PLANS

The Company maintains several noncontributory, defined benefit pension plans covering substantially all employees. Benefits for salaried plans are based on salary and years of service. Hourly plans are based on negotiated benefits and years of service.

The Company's funding policy is to contribute amounts to the plans sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Company may determine to be appropriate from time to time. Plan assets are invested principally in a commingled stock fund and United States government securities.

Net pension costs consist of:

FOR THE YEARS ENDED DECEMBER 31, (IN MILLIONS)	1992	1991	1990
Service cost	$ 7.0	$ 6.4	$ 5.6
Interest cost on projected benefit obligations	7.1	6.1	4.7
Return on plan assets	(6.2)	(4.9)	(3.0)
Other items	1.8	1.3	0.8
Total net pension costs	$ 9.7	$ 8.9	$ 8.1

The funded status of the plans using the projected unit credit method is presented below:

AT DECEMBER 31, (IN MILLIONS)	1992	1991
Assets and obligations:		
Vested benefit obligation	$ 66.7	$ 55.6
Nonvested benefits	4.9	4.1
Accumulated benefit obligation	71.6	59.7
Projected benefit obligation	104.0	91.5
Less, Plan assets at fair value	76.3	59.9
Excess of projected benefit obligation over plan assets	(27.7)	(31.6)
Items not yet recognized in earnings:		
Unrecognized prior service cost	10.4	11.4
Unrecognized initial net plan obligation	[illegible]	2.6
Unrecognized loss	14.7	12.2
Net accrued cost	$ (0.4)	$ (5.4)

The actuarial computations are based upon a discount rate on benefit obligations of 8% in 1992 and 1991 and 8.5% in 1990; an expected long-term rate of return on plan assets of 10%; and annual salary increases of 5% in 1992 and 1991 and 6% in 1990.

Noncontributory postretirement health care coverage under the Asarco Health Plan is provided to substantially all retirees not eligible for Medicare. A cost sharing Medicare supplement plan is available for retired salaried employees and life insurance coverage is provided to substantially all retirees. In 1992 the Company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". The effect of adopting the new standard increased 1992 net periodic postretirement benefit cost by $3.2 million and decreased 1992 net income by $2.1 million. Postretirement benefit costs for 1991 of $5.1 million and 1990 of $4.7 million which were recorded on a cash basis, have not been restated. In addition, the projected benefit obligation of $54.0 million (net of tax benefit of $27.8 million) related to prior service cost was recognized as the cumulative effect of the change in accounting principle as of January 1, 1992.

The following sets forth the plans' status reconciled with amounts reported in the Company's Consolidated Balance Sheet:

AT DECEMBER 31, (IN MILLIONS)	1992
Accumulated postretirement benefit obligation (APBO):	
Retirees	$50.0
Fully eligible active plan participants	14.4
Other plan participants	27.7
Total APBO	92.1
Items not yet recognized in earnings:	
Unrecognized loss	(1.9)
Accrued postretirement benefit obligation	$90.2

Net periodic postretirement benefit cost included the following components:

FOR THE YEAR ENDED DECEMBER 31, (IN MILLIONS)	1992
Service cost	$ 2.5
Interest cost	6.9
Net periodic postretirement benefit cost	$ 9.4

The weighted-average annual assumed rate increase in the per capita cost of covered benefits (i.e., health cost trend rate) is 11% for 1992 and is assumed to decrease gradually to 5% for 1999 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1992 by $7.0 million, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 1992 by $0.7 million. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 8.5% at December 31, 1992. The plans are currently unfunded.

(12) BUSINESS SEGMENTS

The Company operates principally in the nonferrous metals industry, involving mining, smelting, refining and selling of copper, silver, lead, zinc, gold, and molybdenum. The Company is also engaged in specialty chemicals for metals plating and electronics industries and in minerals comprising limestone, sand and gravel operations. Included in the caption Other are the Company's polyvinyl chloride pipe and cement pipe businesses and its environmental services operations. Foreign operations are conducted by affiliates in Australia, Asia, Europe and North America.

General corporate administrative expenses are allocated among the segments generally in proportion to their operating expenses. Exploration expenses are attributable to the metals segment, while research expenses are attributable to metals and specialty chemicals. Identifiable assets are those directly used in the operations of each segment. Corporate assets are principally cash and investments.

Export sales from the United States to unaffiliated customers were $297.7 million in 1992, $246.3 million in 1991 and $224.5 million in 1990.

There can be no assurance that operations and assets of the Company and nonconsolidated associated companies that are subject to the jurisdiction of foreign governments may not be affected adversely by future actions by such governments.

METAL SALES, EXCLUDING INTERSEGMENT SALES

FOR THE YEARS ENDED DECEMBER 31, (IN MILLIONS)	1992	1991	1990
Refined Copper	$1,045	$1,037	$1,165
Refined Silver	138	154	179
Refined Lead	106	109	124
Refined Gold	69	75	129
Services	10	9	12
Other	145	144	188
	$1,513	$1,528	$1,797

BUSINESS SEGMENTS AND LINES OF BUSINESS

FOR THE YEARS ENDED DECEMBER 31, (IN MILLIONS)	1992	1991	1990
Sales			
Metals	$1,513	$1,528	$1,797
Specialty Chemicals	256	253	273
Minerals	36	33	36
Other	103	98	104
Total	$1,908	$1,912	$2,210
Domestic	1,722	1,717	2,005
Foreign	186	195	205
Operating Income (Loss) (a)			
Metals	$ (28)	$ 69	$ 165
Specialty Chemicals	(1)	–	7
Minerals	7	6	5
Other	(20)	(14)	(50)
Total	$ (42)	$ 61	$ 127
Domestic	(37)	66	116
Foreign	(5)	(5)	11
Equity in results of nonconsolidated associated companies			
Specialty Chemicals	$ 4	$ 5	$ 4
Corporate	(1)	5	32
Interest, taxes and other	10	(25)	(27)
Net Earnings (loss) before cumulative effect of change in accounting principle	$ (29)	$ 46	$ 136
Identifiable Assets			
Metals	$1,749	$1,694	$1,486
Specialty Chemicals	236	245	252
Minerals	29	30	39
Other	123	140	142
Corporate	809	845	871
Total	$2,946	$2,954	$2,790
Domestic	2,728	2,723	2,560
Foreign	218	231	230
Depreciation and Depletion			
Metals	$ 77	$ 65	$ 67
Specialty Chemicals	5	5	5
Minerals	2	2	2
Other	3	3	1
Total	$ 87	$ 75	$ 75
Capital Expenditures (b)			
Metals	$ 126	$ 275	$ 210
Specialty Chemicals	3	5	7
Minerals	2	2	6
Other	3	4	9
Corporate	1	8	9
Total	$ 135	$ 294	$ 241

(a) Includes provisions in 1992 ($58 Metals, $9 Other, $67 Total) and 1990 ($38 Metals, $37 Other, $75 Total) for closed plant and environmental matters and a provision to reduce the carrying value of certain facilities in 1992 ($31.9 Metals).

(b) Includes the portion of business acquisitions attributable to property ($11 in 1991 and $4 in 1990).

(13) SUBSEQUENT EVENT

On February 1, 1993, pursuant to the shelf registration statement described in Note 9, the Company issued $100 million of 7-3/8% Notes due February 1, 2003. The Notes will bear interest at 7-3/8% payable semiannually on February 1 and August 1 of each year, commencing on August 1, 1993. The Notes are not redeemable prior to maturity. The net proceeds will be used to repay, in part, revolving credit bank borrowings which, at December 31, 1992, totaled $520 million and had interest rates averaging 3.86%.

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF ASARCO INCORPORATED

We have audited the accompanying consolidated balance sheets of ASARCO Incorporated and Consolidated Subsidiaries as of December 31, 1992 and 1991, and the related consolidated statements of earnings, cash flows, and changes in common stockholders' equity for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ASARCO Incorporated and Consolidated Subsidiaries as of December 31, 1992 and 1991, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, the Company changed its method of accounting for income taxes in 1992 and restated prior period financial statements to reflect the change. In addition, as discussed in Note 11 to the financial statements, the Company changed its method of accounting for postretirement benefits other than pensions effective January 1, 1992.

COOPERS & LYBRAND

1301 Avenue of The Americas
New York, New York
January 26, 1993, except for Note 13,
as to which the date is February 1, 1993.

SUPPLEMENTARY FINANCIAL AND STATISTICAL INFORMATION

UNAUDITED QUARTERLY DATA

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

QUARTERS	1ST 1992	1ST 1991	2ND 1992	2ND 1991	3RD 1992	3RD 1991	4TH 1992(a)	4TH 1991	TOTAL 1992	TOTAL 1991
Sales	$458.9	$465.7	$487.7	$459.1	$490.0	$494.0	$471.9	$493.0	$1,908.5	$1,911.8
Operating income (loss):										
Prior to adoption of SFAS 106	14.3	(1.6)	11.2	21.5	31.2	22.1	(96.1)	19.1	(39.4)	61.1
After adoption of SFAS 106 (b)	13.5	(1.6)	10.4	21.5	30.4	22.1	(96.1)	19.1	(41.8)	61.1
Net earnings (loss):										
Prior to adoption of SFAS 106	6.9	8.0	4.9	15.4	18.6	10.3	(58.0)	12.3	(27.6)	46.0
After adoption of SFAS 106 (b)	(47.6)	8.0	4.4	15.4	18.1	10.3	(58.0)	12.3	(83.1)	46.0
Net earnings (loss) per common share:										
Prior to adoption of SFAS 106	0.17	0.20	0.12	0.37	0.45	0.25	(1.40)	0.30	(0.66)	1.12
After adoption of SFAS 106 (b)	(1.15)	0.20	0.10	0.37	0.44	0.25	(1.40)	0.30	(2.01)	1.12
Dividends paid per common share	0.20	0.40	0.20	0.40	0.20	0.40	0.20	0.40	0.80	1.60
Stock market price per common share:										
High	28-3/4	30-1/2	31-3/8	29-1/4	30-1/2	28	25-1/4	27-1/2	31-3/8	30-1/2
Low	19-7/8	25-7/8	24-3/4	23-5/8	23-3/4	23-5/8	22-1/4	18-1/4	19-7/8	18-1/4

(a) Includes the effect of a pretax $66.7 ($44.0 after-tax) provision for closed plant and environmental matters as well as the effect of a pretax $31.9 ($21.1 after-tax) provision to reduce the carrying value of certain facilities recorded in the fourth quarter of 1992.

(b) In the fourth quarter of 1992 the Company adopted SFAS 106 pertaining to accounting for postretirement benefits (see Note 11) requiring the restatement of reported operating income (loss) and net earnings (loss) for the first three quarters of 1992.

METAL PRICE SENSITIVITY

(ESTIMATES BASED ON 41.5 MILLION SHARES OUTSTANDING)

Assuming that currently planned metal production and sales are achieved, that currently anticipated costs of production and tax and royalty rates are unchanged, that the number of shares outstanding is unchanged and giving no effect to results of other business segments, metal price sensitivity factors would indicate the following estimated change in earnings per share resulting from metal price changes in 1993.

	COPPER	LEAD	ZINC	SILVER	GOLD	MOLYBDENUM
Change in Metal Price	$.01/lb.	$.01/lb.	$.01/lb.	$1.00/oz.	$10.00/oz.	$1.00/lb.
Annual Change in Earnings per Share	$.11	$.05	$.02	$.14	$.02	$.05

FIVE-YEAR SELECTED FINANCIAL AND STATISTICAL DATA

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)	1992	1991(e)	1990(e)	1989(e)	1988
CONSOLIDATED STATEMENT OF EARNINGS DATA					
Net sales	$ 1,908	$ 1,912	$ 2,210	$ 2,214	$ 1,990
Operating income (loss)	(42)(a)	61(b)	127(c)	238(d)	273
Earnings (loss) before equity in results of nonconsolidated associated companies and cumulative effect of change in accounting principle	(32)	36	99	184	199
Equity in earnings of nonconsolidated associated companies, net of taxes	3	10(b)	36	41	8
Cumulative effect of change in accounting principle, net of taxes	(54)	-	-	-	-
Net earnings (loss) prior to adoption of SFAS 109	(83)	46	149	231	207
Net earnings (loss) after adoption of SFAS 109	(83)	46	136	224	207
Net earnings (loss) per share after adoption of SFAS 109	$ (2.01)	$ 1.12	$ 3.28	$ 5.34	$ 4.92
Dividends per common share	$ 0.80	$ 1.60	$ 1.60	$ 1.50	$ 0.70
CONSOLIDATED STATEMENT OF CASH FLOWS					
Cash provided from operating activities	$ 106	$ 67	$ 150	$ 270	$ 160
Dividends paid on common stock	33	66	66	63	29
Property additions	135	283	237	157	43
Business acquisitions, net of cash acquired	-	17	6	116	120
Depreciation and depletion	87	75	75	64	59
CONSOLIDATED BALANCE SHEET DATA (END OF PERIOD)					
Total assets	$ 2,946	$ 2,954	$ 2,790	$ 2,456	$ 2,234
Inventories - replacement cost in excess of LIFO inventory costs	125	130	157	165	210
Total bank loans and long-term debt	869	802	543	348	261
Common stockholders' equity	1,357	1,475	1,490	1,431	1,331
COMMON STOCK DATA					
Common shares outstanding	41,467,000	41,249,000	41,058,000	41,604,000	42,014,000
Price - high	$31-3/8	$30-1/2	$34-1/8	$35-7/8	$29-1/2
- low	$19-7/8	$18-1/4	$22-1/4	$26-1/8	$19-3/8
Book value per common share	$ 32.74	$ 35.75	$ 36.29	$ 34.40	$ 31.67
Price/Earnings ratio	-	19.13	8.27	5.60	5.57
Dividend payout ratio	-	143.2%	48.8%	28.1%	14.2%
FINANCIAL RATIOS					
Current assets to current liabilities	1.6	1.8	2.0	1.8	2.1
Debt as % of capitalization	39.0%	35.2%	26.7%	19.6%	16.4%
EMPLOYEES (AT YEAR-END)	8,900	9,100	9,300	9,000	8,500

(a) Includes a $66.7 pretax provision for closed plant and environmental matters and $31.9 provision to reduce the carrying value of certain facilities.
(b) Includes $10.6 pretax provision for doubtful accounts for a copper customer receivable. Effective the second quarter of 1991, MEDIMSA is accounted for on the cost basis.
(c) Includes $75.5 pretax provision for closed plant and environmental matters and $7.0 for increased State of Arizona royalties.
(d) Includes $34.3 pretax loss on sale of businesses.
(e) In the fourth quarter of 1992, the Company adopted SFAS 109 pertaining to accounting for income taxes (see Note 3) requiring the restatement of previously reported data for 1991, 1990 and 1989.

ASARCO WORLDWIDE OPERATIONS

COPPER
Continental Mine; Butte, Montana
Mission Mine; Sahuarita, Arizona
Ray Mine; Ray, Arizona
Silver Bell Mine; Silver Bell, Arizona
El Paso Smelter, Texas
Hayden Smelter, Arizona
Ray Electrowinning Plant; Ray, Arizona
Amarillo Refinery, Texas

LEAD
Leadville Mine; Leadville, Colorado
Sweetwater Mine; Reynolds County, Missouri
West Fork Mine; Reynolds County, Missouri
East Helena Smelter, Montana
Glover Smelter and Refinery, Missouri
Omaha Refinery, Nebraska

ZINC
Coy Mine; Jefferson County, Tennessee
Immel Mine; Knox County, Tennessee
New Market Mine; Jefferson County, Tennessee
Young Mine; Jefferson County, Tennessee

SILVER
Coeur Mine; Wallace, Idaho*
Galena Mine; Wallace, Idaho*
Troy Mine; Troy, Montana
Quiruvilca Mine (Corporacion Minera Nor Peru S.A.) (copper, lead and zinc); Peru

GOLD
Aquarius Mine, Timmins, Ontario, Canada*

Asarco Australia Limited
Jundee Mine, Western Australia
Wiluna Mine, Western Australia

PRECIOUS METALS PLANT
Amarillo Refinery, Texas

MINERALS
American Limestone Company, Inc.
construction aggregates, concrete, agricultural limestone
Knoxville, Tennessee
Tri-Cities, Tennessee
Springfield, Tennessee
Abingdon, Virginia

SPECIALTY CHEMICALS

ENTHONE-OMI, INC.
specialty chemicals and equipment for metals finishing and electronics

North America
Bridgeview, Illinois
Long Beach, California
Mexico City, Mexico
Orange, Connecticut
Toronto, Canada
Warren, Michigan
West Haven, Connecticut

Europe
France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, United Kingdom

Pacific Rim
Australia, Hong Kong, Japan, Malaysia, People's Republic of China, Singapore, Taiwan

OTHER

High Purity and Other Metals
Denver, Colorado

Zinc Oxide
Hillsboro, Illinois

PVC Pipe
Capco Pipe Company, Inc.
Van Buren, Arkansas
Evansville, Indiana
Litchfield, Illinois

Lead Fabrication
Lone Star Lead Construction Corp.
Houston, Texas

Environmental Services
Biotrace, Inc.
Salt Lake City, Utah
Encycle/Texas, Inc.
Corpus Christi, Texas
Hydrometrics, Inc.
Helena, Montana
Technical Services Center
Salt Lake City, Utah

ASSOCIATED COMPANIES

M.I.M. HOLDINGS LIMITED (17.4%)
copper, silver, lead, zinc, gold, coal

Eight mines and eight metallurgical plants, including:
Mount Isa, Australia
Hilton, Australia
Collinsville, Australia
Oaky Creek, Australia
Newlands, Australia
Porgera, Papua New Guinea
Ravenswood, Australia
Tick Hill, Australia

Investments in resources companies include:
Highlands Gold Limited (65%)
ASARCO Incorporated (25.0%)
Cominco Ltd. (22.5%)
Metallgesellschaft AG (3.5%)

MEXICO DESARROLLO INDUSTRIAL MINERO, S.A. DE C.V. (28.3%)
copper, lead, zinc, silver, gold, coal, coke, fluorspar, sulfuric acid

Thirteen mines and nine metallurgical plants in Mexico, including:
Cananea, Mexico
La Caridad, Mexico

SOUTHERN PERU COPPER CORPORATION (52.3%)
copper, silver, molybdenum

Cuajone mine, Peru
Toquepala mine, Peru
Ilo smelter, Peru

*On standby
(% ownership in parentheses)

EXECUTIVE OFFICERS

Richard de J. Osborne
Chairman of the Board, President and Chief Executive Officer

George W. Anderson
Executive Vice President

Francis R. McAllister *
Executive Vice President and Chief Financial Officer

Robert J. Bothwell, Jr.
Vice President, Sales

John R. Corbett
Vice President, Industrial Relations and Personnel

James J. Kerr
Vice President, Commercial

Augustus B. Kinsolving
Vice President, General Counsel and Secretary

Robert J. Kupsch
Vice President, Operations

Robert J. Muth
Vice President, Government and Public Affairs

Robert M. Novotny *
Vice President, Operations

Gerald D. Van Voorhis
Vice President, Exploration

Thomas J. Findley, Jr.
Treasurer

Ronald J. O'Keefe
Controller

James L. Wiers
General Auditor

* Effective May 1, 1993, Francis R. McAllister becomes executive vice president, copper operations; Robert M. Novotny becomes vice president, lead, zinc, silver and mineral operations; and Kevin R. Morano becomes vice president, finance and chief financial officer.

DIRECTORS

Richard de J. Osborne
Chairman of the Board, President and Chief Executive Officer

Willard C. Butcher [1,4,D]
Former Chairman of the Board and Chief Executive Officer, The Chase Manhattan Bank, N.A.

James C. Cotting [1,2,A]
Chairman of the Board and Chief Executive Officer, Navistar International Corporation

Norman C. Fussell
Managing Director and Chief Executive Officer, M.I.M. Holdings Limited

David C. Garfield [2,3,C]
Former President, Ingersoll-Rand Company

E. Gordon Gee [2,3]
President, The Ohio State University

James R. Greene [2,3,B]
Director and Consultant to various domestic and international corporations

Harry Holiday, Jr. [2,4]
Former Chairman of the Board and Chief Executive Officer, Armco, Inc.

James W. Kinnear, III [2,4]
President and Chief Executive Officer, Texaco Inc.

Francis R. McAllister
Executive Vice President and Chief Financial Officer

Michael T. Nelligan [3,4]
President and Chief Executive Officer, Don Ward & Co.; former Chairman of the Board, President and Chief Executive Officer, Ideal Basic Industries, Inc.

John D. Ong [1,3]
Chairman of the Board and Chief Executive Officer, The BFGoodrich Company

Peter R. Rowland
Consultant, Feez Ruthning & Co.; Director, M.I.M. Holdings Limited; Director, Highlands Gold Limited

James Wood [1,3]
Chairman of the Board, President and Chief Executive Officer, The Great Atlantic and Pacific Tea Company, Inc.

COMMITTEES OF THE BOARD

[1] Finance
[2] Audit
[3] Pension Advisory
[4] Organization and Compensation

CHAIRMEN OF THE COMMITTEES

[A] Finance
[B] Audit
[C] Pension Advisory
[D] Organization and Compensation

CORPORATE INFORMATION

Annual Meeting
The annual meeting of stockholders of ASARCO Incorporated will be held on Wednesday, April 28, 1993 at 2:00 p.m. in the Ground Floor Auditorium, 1 Chase Manhattan Plaza, New York, NY. A transcript of the proceedings will be available after June 1, 1993 to any stockholder upon request to the Secretary. The request should specify a proper purpose, and should include payment of $10.00 to cover the cost of postage and reproduction.

Form 10-K
Many of the Securities and Exchange Commission information requirements are contained in this 1992 Annual Report. A copy of Asarco's 1992 Form 10-K (excluding exhibits) will be available after May 1, 1993, upon request to the Corporate Communications Department.

World Headquarters
180 Maiden Lane
New York, NY 10038
Phone 212/510-2000
FAX 212/510-1855

Transfer Agent, Registrar and Stockholder Services
The Bank of New York
101 Barclay Street
New York, NY 10286
Phone 800/524-4458

Dividend Reinvestment Program
Asarco stockholders can have their dividends automatically reinvested in Asarco common shares. Asarco pays all administrative and brokerage fees. This plan is administered by The Bank of New York. For more information, contact The Bank of New York at 800/524-4458.

Stock Exchange Listing
The principal market for Asarco's Common Stock is the New York Stock Exchange. The Stock Exchange symbol for Asarco Common Stock is AR.

Other Corporate Information
For other information on the corporation or to obtain additional copies of the annual report, contact Gerard F. Corbett, Director, Corporate Communications Department, ASARCO Incorporated, 180 Maiden Lane, New York, NY 10038, 212/510-1810.